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ABSTRACT

The purpose of this field test was to determine the feasibility and desirability of implementing a program budgeting and accounting system in Minnesota school districts. Analysis of the proposed system determined that it was feasible for adoption in local education agencies. Modifications were made in the chart of accounts and in the coding structure, and information and reporting needs for local education agencies were established. A users manual provides information on the proposed system, illustrates the variety of output reports possible from the system, and provides the layouts for commencing computerization of this system. (Author)

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FINAL REPORT

Project No. 8-F-118
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A YEAR-LONG FIELD TESTING OF THE
PROGRAM BUDGETING AND ACCOUNTING
SYSTEM DEVELOPED BY THE MIDWESTERN
STATES EDUCATIONAL INFORMATION PROJECT
TO LAY THE FOUNDATION FOR PLANNING,
PROGRAMMING, BUDGETING SYSTEMS IN
SCHOOL DISTRICTS

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~~For Assistance in Preparation of Final Report:~~
Dr. Kenneth Garland

INTRODUCTION

The purpose of this project was to study the feasibility of adopting a program-oriented budgeting and accounting system in local education agencies. The project was designed to critically analyze a budgeting and accounting system developed by the Midwestern Educational Information Project for Utilization in Minnesota School Districts. Modifications and extensions were made to the original system and the system was readied for computerization. The project served to stimulate considerable interest in program-oriented budgeting and accounting and the results are being studied for statewide implementation.

Chapter I

OVERVIEW OF PROJECT

The purpose of this year-long field test was to determine the feasibility and desirability of implementing in school districts the Program Budgeting and Accounting System designed by the Midwestern States Educational Information Project (MSEIP). The project was aimed at refining and extending the chart of accounts, and clarifying the coding structure for local education agency usage.

The need for the field test was recognized because of the work accomplished by the MSEIP and because of local school district interest in program-oriented budgeting and accounting. The concern for this type budgeting and accounting system at the local school district level was generated by the prevalence of such nationwide concepts as accountability in education, Program Planning Budgeting Systems (PPBS), and systems analysis, and by an increasing expression of concern by a cost-quality conscious public.

From the year-long analysis of the proposed budgeting and accounting system (details of this system can be found in Appendix B of this report), it was determined that the system was feasible for adoption in local education agencies. Modifications were made in the chart of accounts and coding structure, and information and reporting needs for local education agencies were established. A Users Manual to assist in implementing this system was developed and is printed in complete form in Appendix A of this report.

The Users Manual provides information on the proposed system. It explains the chart of accounts, coding structure and suggested budgeting process. It also illustrates the variety of output reports considered possible from the system, and provides the layouts for commencing computerization of the system.

This project has created in Minnesota the setting for an important change in school district budgeting and accounting procedures. Plans are now underway to implement the system in three school districts during F Y's 1971 and 1972. Efforts are also being made to secure the necessary funding to produce a new state accounting manual for school districts and to carry out an extensive in-service education program within the state.

Chapter II

THE BACKGROUND FOR THE FIELD TEST

Impetus for redesigning the budgeting and accounting system for Minnesota schools came from several sources. The overall emphasis on such concepts as accountability, Program Planning Budgeting Systems (PPBS), and system analysis has made it necessary for state education agencies along with their local school districts to begin restructuring budgeting and accounting procedures.

The increased costs of education and the recognized importance of the outcomes of education have also served to focus on the need for more effective budgeting and accounting. The traditional line-item budget no longer provides the essential information for decision-making or for satisfying the concerns of a cost-quality conscious public. Increasingly it is becoming clear that school districts must adopt a uniform program-oriented budgeting, accounting, and reporting system. The following editorial concerning the Minneapolis School District, Minnesota's largest school district, illustrates the demands for such a system:

School Budget - a Difficult Textbook

The proposed budget for Minneapolis public schools for 1970 consists of 34 large pages of figures and about 14 pages of explanatory notes on some of the line items. It contains detailed information on current and projected expenditures for everything from postage stamps to salaries. It accounts for about 40 percent of the total property-tax take in the city, and it will require an increase in taxes next year. Its total figure is \$61.6 million, compared with the 1969 budget of \$54.1 million.

But the significance of this budget is difficult for the layman to grasp from the bulky document. The significance lies in quality of education and what that takes in teaching staff, instructional materials, administrative guidance and research. It lies in enrollment trends, inflationary costs, salary schedules, and building and maintenance needs. It lies in efforts to reach inner-city students with new kinds of teaching, in involvement of more adults in activities and classes, in efforts to mesh education, jobs and social services for students who need much more than a traditional curriculum. It lies in sources of revenue and the relative financial responsibility of city, state and federal government.

School officials have dutifully held their usual budget hearings this summer, but hardly anybody came. We do not believe that so few persons are interested in the business of the state's largest school system. Rather, we agree with critics at the hearing Tuesday who said that the budget and the way it is presented are

confusing. Only in answer to questions have the officials talked much in terms of the real meaning of the budget.

The Minneapolis School Board and administrative staff are making educational changes which are important and promising. They have fiscal problems which the public should understand. How they spend money is crucial to educational results with the city's children.

Some form of program budgeting (relating expenditures to programs and purposes) would help in explanation to the public. School-by-school breakdowns would be revealing. More interpretation for the layman is needed.

Neither the vitality nor the weaknesses of the Minneapolis Schools are clearly communicated in the customary budget presentations. We'd like to see school officials merit a higher grade in this activity, and we predict greater public interest when they do.¹

The Finance Committee of the Midwestern States Educational Information Project (MSEIP) spent from June 1966 through June 1968 investigating and enumerating the financial information needs of state education agencies. The results of their efforts are available in detail in Appendix B of this report.

Although the MSEIP Finance Committee was primarily concerned with development of an information system for state education agencies, they came to the conclusion that an adequate system could not be constructed without major revisions in the budgeting and accounting structures for local educational agencies. The program-oriented budgeting and accounting system was determined to fulfil the needs of state education agencies as well as being a prime need of local education agencies. Thus, in the finance subsystem, the MSEIP concentrated on designing a school district accounting structure built around program considerations and the utilization of modern electronic data processing equipment.

Minnesota was one of the 13 states involved with the MSEIP and in the Spring of 1968, during local education agency field tests of all five information subsystems, it became evident that further testing, analysis and clarification were needed in the finance subsystem. The Minnesota Department of Education was particularly interested in a close involvement of local education agency personnel in scrutinizing the chart of accounts established in the MSEIP system and in determining the feasibility of the coding structure from the standpoint of local district transactions. There was a definite need for analyzing the proposed system for its adaptability to large school districts (planning on utilization of sophisticated data processing equipment) and to small districts (which for some time in the future will continue to depend on manual accounting procedures). Simultaneously, local

1. "School Budget - A Difficult Textbook", Minneapolis Morning Tribune, Editorial page, July 16, 1969.

education agencies were beginning to express their interest in program budgeting and accounting, in several cases through actual modifications of the line-item budgeting accounting system specified in the State Department of Education's Accounting Manual.²

Because of the interest and because it was recognized that revising the budgeting and accounting system for Minnesota school districts would take several years and considerable in-service activity, efforts were commenced to continue in Minnesota the development which was to be completed by the MSEIP in June of 1968.

The funding of a research grant by the USOE in November, 1968, facilitated a continuation of this activity in Minnesota. The Minnesota Department of Education, in applying for the grant, had obtained the assurance from the Hopkins School District that they would cooperate in carrying out a careful analysis of the proposed budgeting and accounting system. The project funds made it possible for the Department to provide additional accounting personnel in the Hopkins School District, which provided for the release of Mr. Donald Klassy from regular duties a sufficient amount of time to carefully analyze the MSEIP chart of accounts and coding structure for its utilization and feasibility in regard to actual school district transactions. Mr. Klassy is a CPA charged with direct responsibility for budgeting and accounting activities in the Hopkins School District.

2. Manual of Instructions for Uniform Financial Accounting for Minnesota School Districts State of Minnesota, Department of Education. July, 1961.

Chapter III

KEY AREAS OF STUDY, THE METHODS FOR CONDUCTING THE RESEARCH, AND THE FINDINGS

The purpose of this study was to subject the material developed by the MSEIP to critical analysis for local educational agency usage. The project was aimed at refining and extending the chart of accounts and at verifying the feasibility of the coding structure developed. The following list indicates the specific areas of study, the method utilized to conduct the study, and the results achieved.

1. Area of Study: An Analysis of the MSEIP Chart of Accounts and Coding Structure for Utilization with Local School District Transactions

Method: Business Officials in the Hopkins School District analyzed transactions for a year to determine the feasibility and adaptability of the MSEIP system. Members of the advisory committee, who came from large and small school districts, became thoroughly acquainted with the MSEIP system and were asked to evaluate the system in relationship to the budgeting and accounting needs and competencies in their own districts.

Findings: It was found that the system was workable in school districts of varying sizes. Some realignment of the coding structure was needed to accomplish the desired goals and to assure smooth and effective handling of input data. The chart of accounts was expanded somewhat, but it was determined that this would be a varying factor in school districts and that the system was flexible enough to allow for additions by districts as they attempt to satisfy unique demands.

2. Area of Study: The Conceptualization of Output Reports to Satisfy Local Education Agency Needs

Method: The research assistant developed suggested formats after conferring with administrators and instructional staff members in his district. The suggested reports were then submitted to the Advisory Committee for critical analysis and subsequent revision.

Findings: Several output reports unique to the budgeting and accounting process were determined to be necessary. These needs were not completely outlined in the MSEIP system. The reports suggested for usage are outlined in the Users Manual reproduced in Appendix A.

3. Area of Study: The Investigation of Utilizing the MSEIP System as a Basis for a New State Budgeting and Accounting Manual for Schools

Method: Throughout the year; the MSEIP system was evaluated in terms of its feasibility for all types of school districts and for its effectiveness in producing the desired information at both the local and state levels. The Advisory Committee spent time developing recommendations on means to disseminate and carry on the statewide in-service education that will be necessary if this system is to be implemented. The Research Assistant and members of the Advisory Committee assisted in explaining the system at conferences and received reactions for revision.

Findings: It was determined that the MSEIP system with the modifications suggested in this project could become the basis for a new state budgeting and accounting system; and that development of a new accounting manual should be commenced at an early date. Dissemination on a statewide basis appears to be a very arduous task and could take five years or longer. The State Department of Education will need to establish an extensive in-service education project and will need the necessary finances and personnel to conduct this activity. Because of the long period of time needed for developing a state manual and implementing the new system statewide, it is imperative that the system now be programmed to report data to the state according to the present state reporting format. The state will need considerable time in defining exactly what data they wish to collect from the new system, but it was determined that the coding system structure was sufficiently flexible and detailed to allow for most any reporting requirement identified at the state level.

4. Area of Study: The Feasibility of Computerizing the System and the Additional System Analysis That Must Be Accomplished Before Computer Programming Activity Commences

Method: The Aries Corporation, a consulting firm specializing in computer systems and programming, was contracted to accomplish this task. The Advisory Committee and the Research Assistant reviewed the Aries work regularly and provided suggestions for revision and background information necessary to assure their understanding of the needs and existing conditions.

Findings: The system was found to be adaptable for computerization and several simplifications in the manual coding procedures were discovered. A full explanation of their findings and recommendations for implementation are available in Appendix A.

5. Area of Study: An Analysis of the MSEIP Budgeting and Accounting System for Utilization as a Part of a Total Program, Planning, Budgeting System (PPBS)

Method: The Advisory Committee and the Research Assistant conferred with staff members in their districts regarding the relationship this budgeting and accounting system had for the broader concept of PPBS. Reactions were also received at conferences where information on the project was disseminated.

Findings: This budgeting and accounting system should definitely support a PPBS system, but it will not necessarily lead to the utilization of this broader concept. Participants in this analysis concluded that the budgeting and accounting element for PPBS is much easier to develop in an organization than are the objectives and evaluation elements for PPBS.

Most participants agreed that program budgeting and accounting was a necessary first step in progressing to the other elements of PPBS and that the system will be meaningful and productive even if further PPBS developments do not materialize. Following is a list of contributions program-oriented budgeting and accounting was determined to potentially hold for education.

- a. Program-oriented accounting provides the capability of generating information which will assist school administrators in making choices related to optimum allocation of resources among alternative programs of educational needs, based on an evaluation of effectiveness of individual programs.
- b. Program-oriented budgeting and accounting describes desired accomplishments, rather than merely listing the objects of expenditure.
- c. Program-oriented budgeting and accounting develops a cost-quality awareness among school administrators, school boards, and lay citizens.
- d. Program-oriented budgeting and accounting will enable fiscal administrators to group all operational units or programs together for individual or collective analysis according to comparative standards defined by the professional educators.
- e. Program-oriented budgeting and accounting will provide for more uniform and accurate comparisons, among the various educational agencies, of effectiveness of both fiscal and educational programs.
- f. Program-oriented budgeting and accounting procedures will provide the type and degree of data specifically needed for intelligent predictions of future fiscal and educational programs through the budget preparation.

- g. Program-oriented budgeting and accounting will help establish fiscal responsibility and accountability, thereby safeguarding the stewardship of public funds.

Chapter IV

ADVISORY COMMITTEE MEETINGS AND DISSEMINATION ACTIVITIES

Essential to the success of this project was the formation of an Advisory Committee by the Minnesota Department of Education. The Advisory Committee consisted of personnel from local school districts, computer service personnel and Department of Education representation. The committee met approximately once a month. The following personnel were regular members of the committee:

Mr. Jerome F. Foecke, Assistant Director TIES
Dr. Kenneth Garland, Assistant Superintendent for Business,
Rochester
Mr. Melvin Jensen, Superintendent, Zumbrota
Mr. Don Klassy, Accountant, Hopkins
Mr. Harry Lokken, State Department of Education
Mr. Duane Oftelie, Accountant, Robbinsdale
Mr. Robert F. Parker, Superintendent, Winthrop
Mr. Duane C. Sours, Comptroller, Bloomington

The function of the committee was to review all materials and proposals submitted by the directors of the project, the research assistant, and the consulting firm doing the systems work and developing the Users Manual. Committee members were also responsible for critically analyzing the proposed budgeting and accounting system in relationship to their own school district or organization. Operating in this way, the MSEIP financial accounting system was adapted to fit the Minnesota school system so that it would be compatible with the present school laws, aids, and with the present accounting system. The committee endorsed the program-oriented budgeting system with budget requests originating within the different departments, grades, activities, or programs in the school system. Proposals were made for periodic computer print-out reports to each department showing amount of budget allowance, amount spent to-date and remaining amounts in the budget. The system allows for the computation of costs by department, programs, subjects, buildings, schools, or activities within a school district.

The committee assisted in preparation of a Users Manual. This manual outlines the accounting system, specifies the forms that will be needed to implement a program-oriented budgeting and accounting system, and gives the specifications needed to "program" the system for computers.

Dissemination activities involved visits to individual school districts by the research assistant and presentations at conferences. Presentations were given at the following conferences for educators:

1. A Joint Conference for Minnesota and North Dakota School Business Officials in Fargo, North Dakota in April, 1969.
2. An Orientation Seminar on PPBS for Minneapolis-St. Paul and Suburban School Districts at Hudson, Wisconsin in the Fall of 1969.
3. A Conference for Representatives from the 13 States Participating in the MSEIP at Des Moines, Iowa in June, 1969.
4. A Conference Sponsored by the ARIES Corporation for Representatives of the 13 Midwestern States and Minnesota School Personnel at Minneapolis, Minnesota in February, 1970.

LONG-RANGE OBJECTIVES

1. Develop a uniform coding structure which will fulfill both budgeting and accounting needs of all school districts in Minnesota. The structure must be simple enough to be easily communicated, and implementation practical from a maintenance standpoint.
2. Conceptualize report formats for budgeting, accounting, cost analysis, and administrative decision-making by local school districts. To accomplish this objective, there must be active involvement by the different interest groups in school organization. (i.e., Board of Education, Superintendent, Directors, Principals, Department Personnel)
3. Fulfill reporting requirements of State and Federal Agencies. This would include a formal letter of consent by the State Department of Education that the system, with its reporting criteria and coding structure, would be acceptable and incorporated within the new state manual of instructions.
4. Satisfy present and anticipated statutes governing school districts in Minnesota.
5. Maintain awareness of other similar efforts being made in the country (i.e., Research Corporation of A.S.B.O., Federal Handbook II, Nebraska, Iowa, etc.).
6. Effectively communicate the financial system to users:
 - a. Prepare a Users Manual to assist with in-service training efforts. This manual will precede a new State Accounting Manual to be informative to various interest groups.
 - b. Draft a new State Accounting Manual. Manual will include guidelines followed when district is using manual or semi-automated methods and when district is using E.D.P. methods.
7. TIES project and any other joint data processing efforts must interface with the system designed and agreed upon.

HIGHLIGHTS OF THE SYSTEM

THE SYSTEM IS DESIGNED TO ACCOMMODATE:

- . All sizes of schools
- . Manual or data processing system
- . Single or double entry
- . Cash or accrual
- . Centralized or decentralized budgeting

THE SYSTEM WILL:

- . Budget expenditures and receipts for a three-year period
- . Prepare budgeting and processing reports for financial and administrative control
- . Account in the expenditure, revenue and inventory areas

EXPENDITURE ACCOUNTING:

- . Flexible coding structure
- . Flexible budgeting levels
- . Flexible reporting system

CODING STRUCTURE ALLOWS YOU:

- . To develop and report against functional budgeting areas that fit your school district
- . To budget and report against non-district financed aid programs
- . To accumulate and report financial activity that crosses budgets or is a portion of a budget

EXPENDITURE BUDGETING SYSTEM

Prepares Budget Worksheets That Report:

- . Last year's actual expenditures
- . This year's year-to-date expenditures
- . This year's budget
- . Next year's preliminary budget

BUDGETING SYSTEM

Accommodates:

- . Program changes at the departmental level
- . Administrative changes at the district level
- . Allows:
 - Firming-up of next year's budget and preparation of a second-year (levy) budget simultaneously

Highlights of the System cont.

EXPENDITURE OUTPUT REPORTS ARE PREPARED TO GIVE:

- . Budget-related reports for school board and administrative budget decision making
- . Operating reports which consider encumbrances as well as actual expenditures against the budgeting plan

Chapter V

RECOMMENDATIONS AND PLANS

The year-long study and analysis of this proposed program-oriented budgeting and accounting system has resulted in revisions, clarifications, and readiness of the system for computerization and implementation. The project directors, research assistant and Advisory Committee members concluded that the system is feasible and that efforts should be continued to assure adoption on a statewide basis. At its final meeting on November 19, 1969, the Advisory Committee adopted the following recommendations for submittal to the Minnesota Commissioner of Education:

1. The Committee approves the Users Manual as presented and recommends that the Minnesota Department of Education seek funds for "programming" the system as outlined for computers, and that the programmed computer system be used on a trial basis in a number of volunteer schools during the 1970-71 school year.
2. The Committee recognizes that a program-oriented budgeting and accounting system is a necessary tool for efficient school district operation and recommends that the system prepared under the direction of this Committee be used as a part of the guide-lines for revising the present financial accounting system for Minnesota school districts.
3. The Committee recommends that the Minnesota Department of Education seek funds from the 1971 legislature for the purpose of revising the present school district financial accounting system on a program-oriented budgeting and accounting basis and also to seek funds for implementing the revised system.

The enthusiasm generated by the project has led to considerable interest in continuation toward an implementation phase on a trial basis. With Minnesota Department of Education financial support and the cooperation of the TIES Organization (a regional data processing center for 28 Twin-Cities area school districts comprising about 240,000 students) plans are now underway for accomplishing the computer programming on the Burroughs 3500 computer installation at TIES during F Y 1971. Two of the TIES school districts (Burnsville and Hopkins) will pilot the use of the system commencing with the budgeting process in January of 1971 and with the accounting process on July 1, 1971. The Rochester School District is also planning to adapt the system to an IBM 360-30 installation for trial usage beginning on July 1, 1971.

During F Y 1971 further activity is recommended in regard to the following:

1. A closer evaluation of the system to assure its compatibility with the guidelines existing in the recently revised Handbook II.

2. Increased dissemination and in-service efforts should be accomplished. School business officials and other educators are encouraged to join with the Minnesota Department of Education in securing additional assistance from the Minnesota Legislature for implementation of the system and re-drafting of the state accounting manual.
3. The pilot implementation efforts in the three school districts should strive to answer the questions listed below:
 - a. Do the budgeting and accounting systems and the proposed reports adequately support local education agency decision-making processes?
 - b. Is the system practical from a maintenance standpoint?
 - c. What level of competence and training of personnel will be required within large and small districts to maintain the system?
 - d. What is the estimated cost and time frame for implementing the system in a local education agency?
 - e. How can the system be simplified for utilization in smaller school districts?
4. Efforts should be made to use this system as a beginning for experimentation at the local education agency level with PPBS. Correlating this system with the results of the PPBS project being undertaken by the Research Corporation of ASBO should continue to be an ongoing activity.

APPENDIX A

USER MANUAL
FOR
PROGRAM-ORIENTED
BUDGETING AND ACCOUNTING
SYSTEM
FOR
MINNESOTA SCHOOL DISTRICTS
(Automated System)

FOREWARD AND ACKNOWLEDGEMENT

This manual is published as part of an effort to communicate to all prospective users on a Program-Oriented Budgeting and Accounting System.

This project was established in December 1968, funded under P.L. 89-10, Title V, and will terminate November 30, 1969. The project's objective was to evaluate the MSEIP finance system and to determine its merit in the educational decision-making process in comparison with the present budgeting system being used in the Hopkins area schools. The ultimate goal of the project is the adoption of a program-oriented budgeting and accounting system by all school districts in the State of Minnesota.

The system has been designed with the hope that it can be programmed and become operational on the Burroughs 3500 computer being utilized by the regional data center called TIES. The present time schedule calls for "live" testing of the system from January-June 1970, following which it will become operational July 1, 1970 or soon thereafter.

This achievement resulted from a unique cooperation of efforts of the USOE, Chief State of Minnesota school officers, numerous Minnesota school district people, MSEIP staff and ARIES Midwest consultants. I wish to express my appreciation for the cooperation and devotion of the individuals who participated in the project.

Project Director

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10C. INTRODUCTION

In order to satisfy the varied needs of a multiplicity of school districts for a budgeting and accounting system that would function within a variety of administrative environments, a flexible system has been designed.

This manual has been developed to assist school districts in implementing this system within their respective districts. Consequently, this manual addresses itself to the various functional areas within a district that would be involved with a budgeting and accounting system. These would be:

- . The Departmental Heads -- if the district is disposed to decentralizing the functions of preparing budgets and allowing the user of the funds to have the responsibility of administering their expenditures, the various budgeting departments must be aware of how the system functions and how they can best utilize the system.
- . The District Financial Officer -- since he and his staff have the ultimate administrative responsibilities for school finance, he must have an intimate knowledge of the functioning of the system and the various alternatives available to him through the system.
- . The District Superintendent, School Board and Administrators -- they must be aware as to how the system functions, what alternatives are available to them and what information can be derived from the system.

In addition, an area of this manual will describe and illustrate the system's input requirements, processing requirements and available output.

101. What Does Program-Oriented Budgeting and Accounting Mean?

"A program", in its broadest meaning is an undertaking designed to deal with a major problem or meet a major need. Therefore, math is a program, as is curriculum development, as is transportation.

Obviously, we are not considering problems or needs that are measured in the same dimension as in the examples cited above. Consequently, we have developed a coding scheme which allows us to extract those slices of information that are relevant to the "program" we wish to plan for and measure against.

The "planning for" phase is commonly called budgeting. The "measuring against" phase is called accounting. Therefore, in a program-oriented budgeting and accounting system, we no longer have the conventional accounting philosophy of recording expenditures against just the conventional expenses categories such as salaries, supplies, textbooks, etc., but have replaced it with a more comprehensive method that allows recording and reporting of multiple dimensions of information.

200. HISTORY OF SCHOOL DISTRICT BUDGETING AND ACCOUNTING IN MINNESOTA

Until relatively recently, a majority of school districts in Minnesota expended a minimum amount of effort and resources on their financial accounting function. Quite often, even in large districts, the budget was prepared, by the Superintendent, on an "intuitive" basis.

Because schools do not operate for a profit, pay no taxes or depreciate property, there appeared to be little need for maintaining elaborate accounting systems. Consequently, nearly all schools have been operating on a relatively simple cash basis accounting system.

As a result, many school districts today find themselves in a rather uncomfortable position. With rising costs, with an increased demand by the public for more service for the expended dollar, with a rapidly increasing population and the resultant need for large capital outlays, the District Administrators and School Boards are suddenly being pressured for good, detailed, financial planning and a way to measure results against these plans.

The present Handbook II method of accounting measures expenditures in an aggregate manner. This precludes gathering detailed data, without special elaborate analysis, in informational segments that would be materially helpful in measuring accomplishments against plans. Therefore, with the new demands being made upon districts, it has become essential that a new approach be developed which would allow planning at multiple levels within a district and a responsive system which would allow districts to modify plans where it was deemed worthwhile and/or necessary.

The advent of electronic data processing has made feasible methods of storing and retrieving data which were heretofore very difficult to achieve on a manual system. Consequently, we are able in this new system to plan (budget) for several years and at the same time retain and have available financial data from the previous and present year. This system allows us, for example, to report data which involves a school or a group of schools, a department or a group of departments, within one school or several schools. It allows Department Heads, Coordinators and Administrators to plan programs and measure the financial results of these plans in a timely and responsive manner.

By accomodating budgeting for multiple years, the school district Administrators, Instructional Staff and School Board has the necessary financial data to look further ahead than one year in determining where the district is going. Therefore, this system allows school districts to proceed down a path which will eventually allow the financial data to be integrated with the facilities, instructional, pupil and personnel data. This would then be approaching a total school district program, planning, budgeting system whereby educational goals and objectives can be planned and their effectiveness measured.

300. GENERAL OVERVIEW OF THE SYSTEM

301. Preliminary Organizational Decisions

There are several management and organizational decisions that should be resolved prior to embarking on this system. These are:

- . Degree of budget decentralization
- . Roles of district Coordinators and Consultants
- . Budget responsibilities

301.1 Degree of Budget Decentralization.

Historically, most schools have been budgeting at the Superintendent and district Administrative levels. At best, Department Heads were consulted on a very limited basis even on financial decisions regarding educational program modifications in their specific areas.

This has been done previously because there has not been a good vehicle to allow the district Administrators to financially communicate with the various departments. With this system, however, it is now possible to segment the budget, for planning purposes, down to the department level and thereby allow the individuals who will be originating the expenditures to participate in developing the rationale for this activity.

The decision as to the degree of decentralization should be made by the school districts prior to starting on the system. This does not preclude, however, the ability to decentralize after the system is operational. The advantages of early departmental involvement would be the "in-service" training that could be made available to that part of the staff at the inception of the program.

301.2 Role of District Coordinators and Consultants.

The nature of the services performed by Coordinators and Consultants generally involves more than one school. Therefore, a decision must be made as to how their expenditures should be budgeted.

For example, the Curriculum Coordinator may have curriculum responsibilities for the entire district. The system allows the budgeting to be done either on a district-wide basis, or else have the expenditures involved in this area allocated to the various school budgets.

Likewise, the elementary school Music Consultant could have his budget which would cover all elementary schools, or his costs could be broken down to each school.

It is recommended that schools choose the prior alternative because it is believed that a Coordinator or Consultant should have initial budgeting control of his area so that he could function most efficiently within his own dollar restrictions.

301.3 Budget Responsibilities.

A hierarchy must be developed for various levels of budget preparation and approvals. The system is designed to report back actual expenditures against the plan. Consequently, the system will be only as responsive as the degree of responsibility that is given to the preparer of each budget. It must also be kept in mind that the success of the degree of participation and involvement by the departmental staff will be proportional to the amount of "face-to-face" dialogue that is conducted between the Department Heads and the individual who approves the budget. Budget changes must be explained and reconciled rather than done arbitrarily.

302. Building the Budget

Our objectives are to develop a budget to be approved for the coming school year, and simultaneously build a levy budget for two years hence. In viewing the sample budget sheet (Figure 5-1), it becomes apparent that a consistent rationale for budgeting from year to year is encouraged because the historical information regarding succeeding budgets and actual expenditures is available to both the planner and reviewer of each budget.

302.1 Financial Department Involvement.

The guiding force in understanding and disseminating financial information needs of a school district falls upon the school's Finance Manager and his staff. The suggested Chart of Accounts (Figure 4-1) is to be used as a guideline for determining the expenditure breakdowns within the district. The Chart of Accounts will be explained in detail in Section 400. At this point, it will suffice to say that although the structure must be adhered to, there is a great deal of flexibility within the various categories to develop budgets that will reflect the make-up of any school district.

The building of individual budgets will initially require a conceptualization of the district organization and the cost centers or functional operating departments involved that would account for all segments of the district expenditures.

As an extreme example, let us assume that the present school budget consists of one large budget under the Superintendent. In other words, all expenditures would be allocated to some category within this one large budget. If we now wanted to break this down into two logical budgets, we could conceivably have one budget for all elementary schools and another for all secondary schools.

To continue with a finer breakdown, we might decide to budget down to each school. Consequently, we would now have a budget for each principal in each school and all expenditures would be allocated to the school involved. This would then make necessary the need for budgeting district-wide expenditures also (Figure 3-1). Under this organization, data could now be reported concerning:

- . The entire district
- . The aggregate district-wide administrative expenditures
- . The costs of running each school
- . The aggregate costs of secondary and of elementary schools
- . A comparison of the costs at various schools
- . The budgets in each of the above areas and a measurement of actual expenditures and commitments to buy (encumbrances) against the budget.

However, if we wanted to know what the math program costs or what it costs to run just the Superintendent's office, we would not be able to extract this information from the data available. Consequently, we can now consider breaking each school and district-wide functions into their logical compartments. We have referred to these as departments. Therefore, we could as an example, now sub-divide each school into its academic departments (math, science, art, etc.) and throw all the other non-academic school costs into the "Principal's Department".

In the same way, we could now also break down the district-wide functions into their logical "departments" such as Business Affairs, Purchasing, Superintendent, Personnel, Food Service, etc.

We now can gather information that would reflect, in addition to the reports indicated earlier:

- . The costs of each department
- . The comparative departmental costs in specified schools such as the cost of the math program in school 1 vs. school 2
- . The aggregate departmental costs (what does the math program cost the district over-all?)
- . A comparison of the plan (budget) against what actually occurred at a departmental level (are food service costs what we expected?)

This organizational structure (Figure 3-2) would have decentralized the budget to the departmental level. Conceivably, we could continue to sub-divide our budgets to the "course" and even to the "section" level. Within our system, we have accommodated the capability of this detailed a break-down. However, we have considered the departmental level the lowest practical budgeting division at this time.

Once the organizational unit-department budgeting hierarchy is developed, we must define the detailed line-item information that we want included within each budget. The Chart of Accounts "object" categories should act as a guideline in this area. Again, we must keep in mind that the amount of detail information that is desired is directly proportional to the degree of break-down that is utilized. For example, salaries might be divided into just two categories, i.e., "Certified" and an "All Other" classification. We must then recognize that salary budget and expenditure information can be reported in only these two dimensions from the system.

Figure 3-1

PARTIALLY DECENTRALIZED SYSTEM

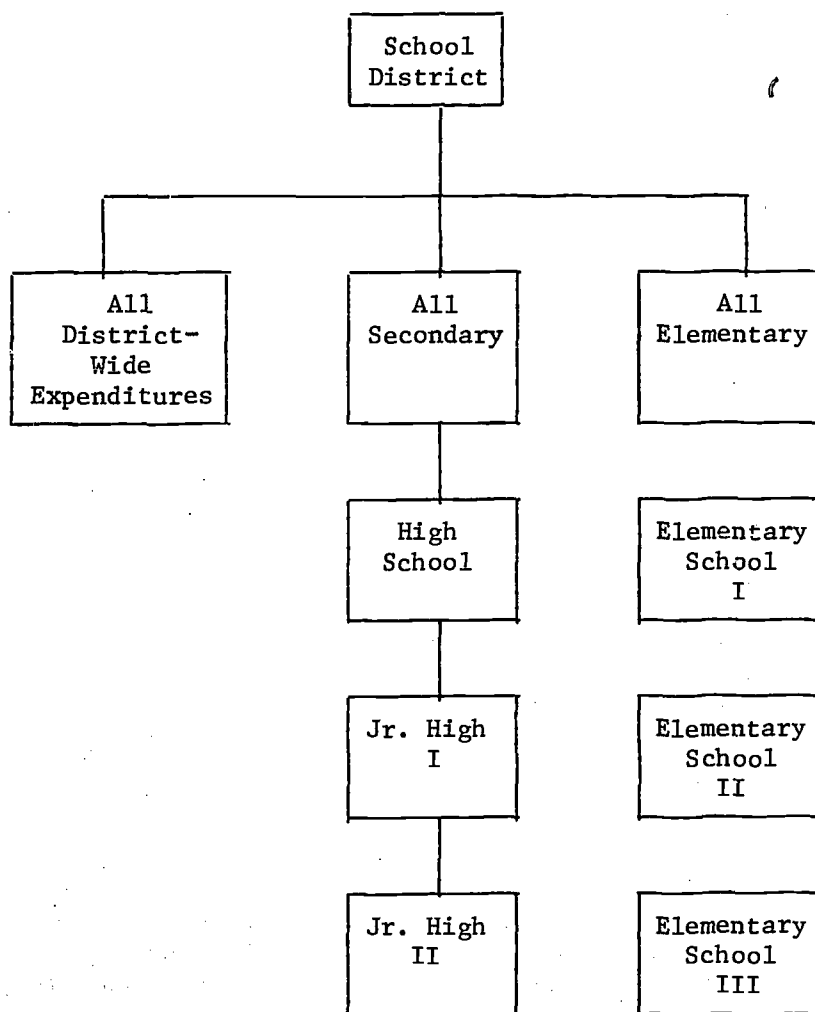
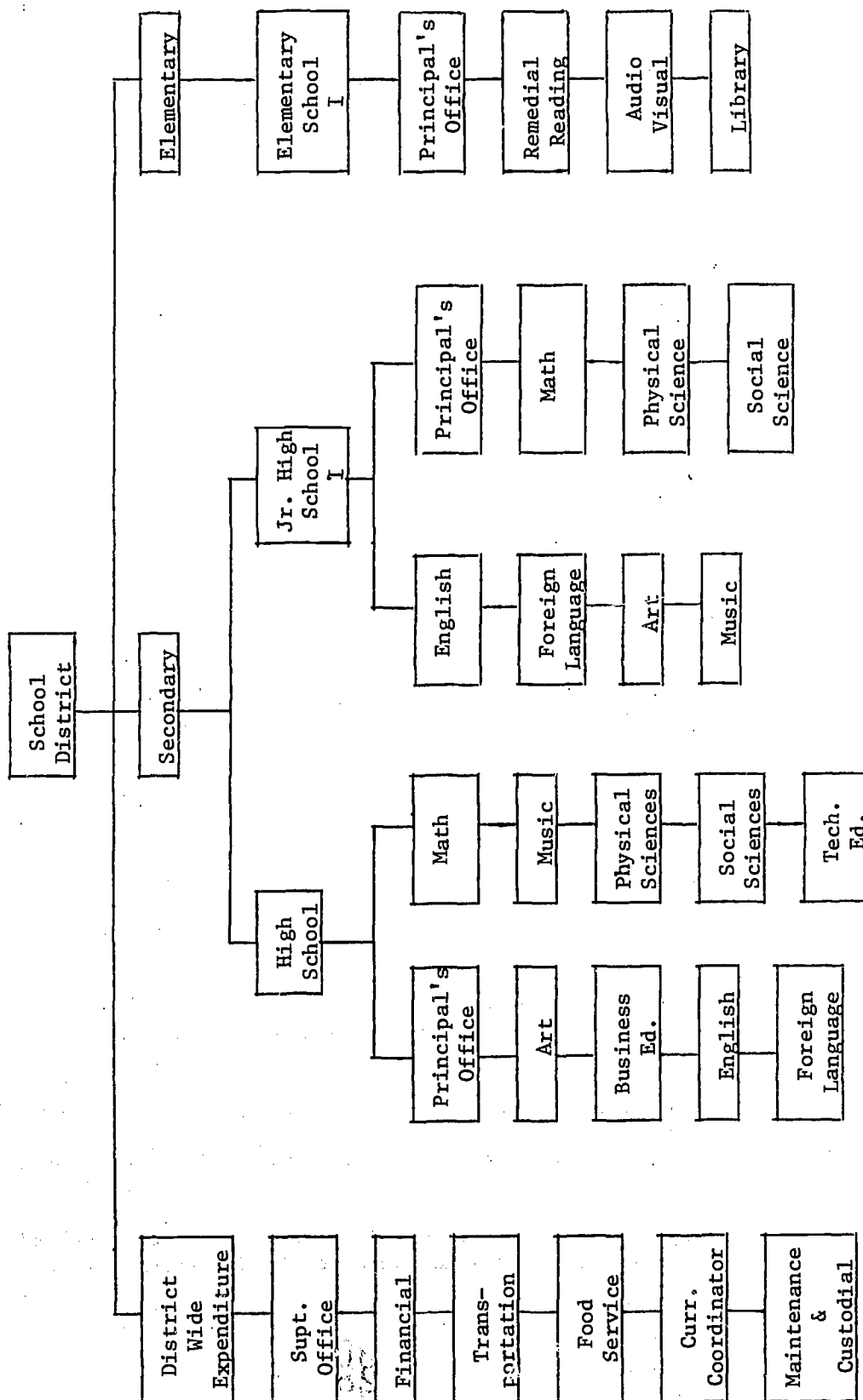


Figure 3-2

DEPARTMENTAL DECENTRALIZED SYSTEM



When the financial department has dimensionalized the budgeting characteristics, it must also develop the initial preliminary dollar budget information for each object category. This will necessitate, in many cases, a detailed analysis of existing expenditures and estimates to determine this information.

302.2 Departmental Head Involvement.

If we have decentralized our budgeting to the departmental level, the Department Head should be given the responsibility of determining those budget items that will affect his program. On the other hand, he should not be concerned with those budget line items that he cannot do anything about, such as salaries, fixed expenses, etc. The budgeting system has accounted for this in that it allows centralized updating of budget line items of those factors that are influenced by price changes or student population changes and departmental updating of those items that are affected by program changes. As an example, new text increments to the present budget would be made by the Department Head while inflationary increases to the costs of textbooks would be made by the financial department.

302.3 District Superintendent and School Board Involvement.

The reporting system is designed to report both budgeting type information as well as actual. Consequently, as the initial budget is prepared, it is approved by a hierarchy of individuals, as the organizational chart indicates. The aggregate budget is then reported by the system in several variations as follows:

- By building department (what is the comparative budget for the math departments of each school?)
- Summary report of all departments in district (how do the total dollar needs of the district break down?)
- By organizational unit (what is the budget for an individual school?)
- By area of responsibility (what are our budgeted costs of instruction, instructional administration, maintenance, operations, etc.?)
- By fund (how do our budgeted expenditures break down by fund?)
- By unit administrator (what did each individual budget look like?)
- By object category, within department, within school (what are the certified regular salaries by department at the senior high school?)

Each of these reports compare several years' budgets and the actual expenditures for the previous year so that there is a meaningful comparison of costs and plan.

As you can see, we have the ability of sorting and reporting the data in various ways for reviewing and dissecting the information and thereby, allowing the school administrators to make sound budget decisions based on adequate information.

303. Daily Processing Against the Budget

Since the budget is the basic financial plan of the school district, the system must be able to indicate how well the plan is being followed. As with all plans, we can realistically expect that in some areas, the actual expenditures will exceed the plan. Consequently, the system must be geared to report when a portion of a budget is approaching its allocated dollars. In this way, the financial department will be able to evaluate the impact that overspending in one area may have on the entire department, school or district.

303.1 Introduction to Expenditure Accounting.

As indicated earlier, the budgets are basically broken down to these dimensions:

- . Organizational unit - i.e., a specific school, all elementary, all secondary or district-wide
- . Department within organizational unit - i.e., the math department within the high school
- . Object within department, within organizational unit - i.e., textbooks, supplies, salaries, etc.

In our system, we want to keep track of the actual monies expended and also the monies which have not yet been expended but for which we have issued purchase orders. The spent monies are called expenditures, the committed dollars are encumbrances.

Consequently, if at any time we wish to know how much we have available to still spend (the budget balance), we would subtract the actual expenditures and the encumbrances from the original budgeted amount.

A total budget for a school district consisting of one high school, two junior high schools and three elementary schools is portrayed in Figure 3-3. We have pictured each expenditure object category budget as a bucket which will be filled by expended and committed dollars. The sizes of the buckets are the relative dollars budgeted for each object category. If we can control the rate that these budgets are filled or have knowledge when they might overflow, we can then be assured that we have control of the system.

PICTORIAL CONCEPTION OF OBJECT CATEGORIES
WITHIN A DEPARTMENT

Figure 3-3a

MATH DEPARTMENT

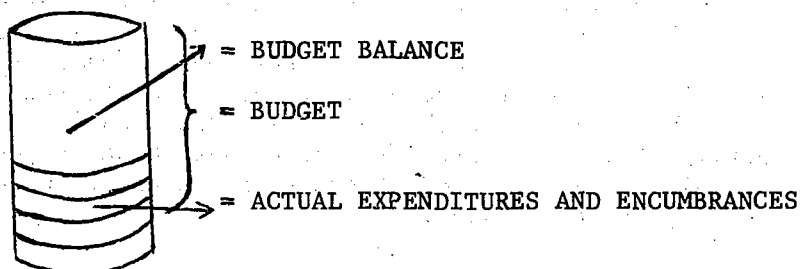
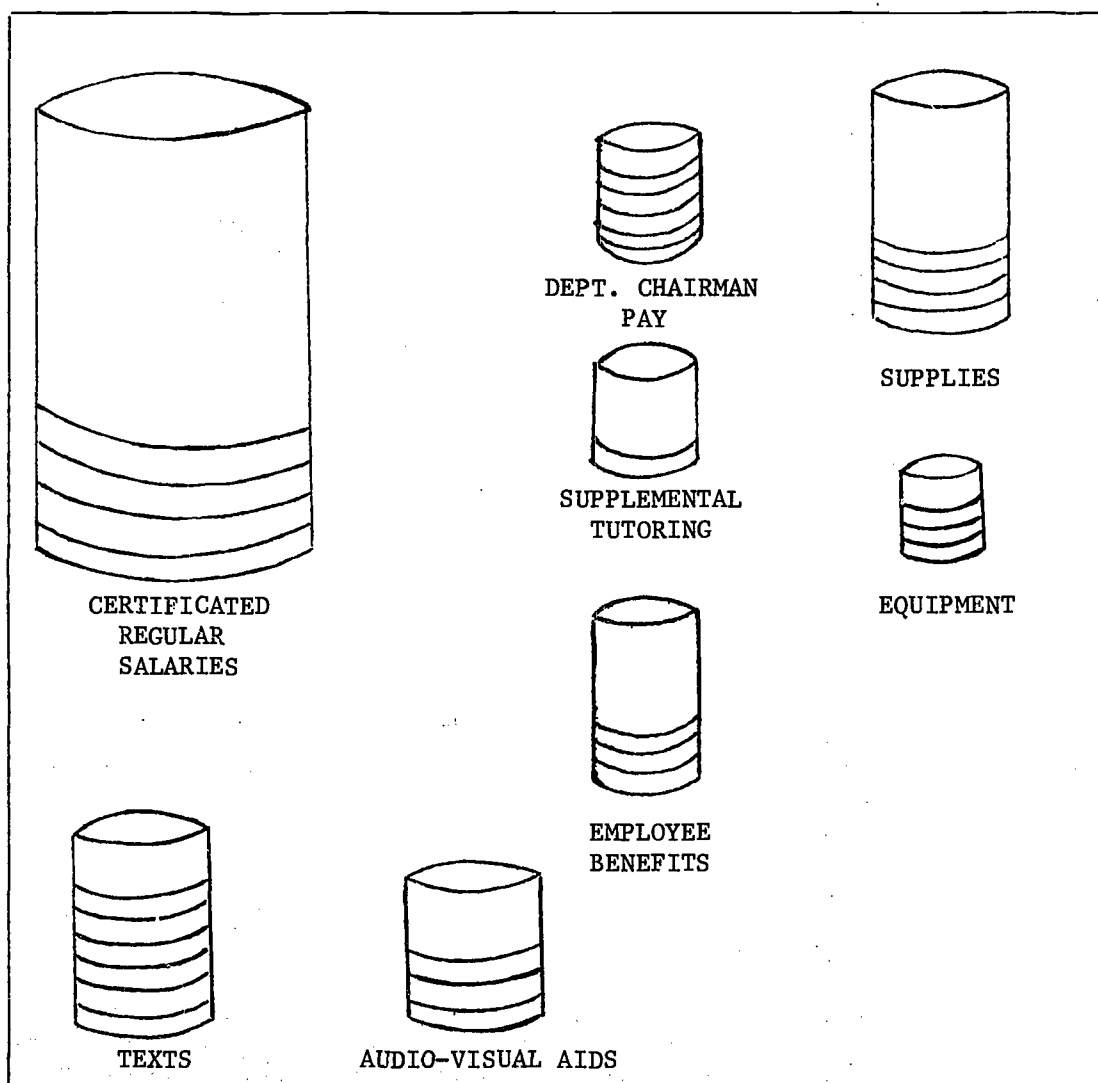


Figure 3-3b

TOTAL BUDGET FOR A SCHOOL DISTRICT

DISTRICT-WIDE DEPARTMENTS					Purchasing	ELEMENTARY I
Superin- tendant	Finance Dept.	Transpor- tation	School Lunch	Data Processing		
Principal	Social Sciences	HIGH SCHOOL			Library Services	ELEMENTARY II
Math	Physical Sciences	Business Education			Speech Handicap	
English					Art	
Natural Sciences	Home Economics				Distributive Education	
		Foreign Language	Drama	Drivers Ed.	Academic Co-Curricular Activities	ELEMENTARY III
			Debate	Music		
			Physical Education			
	JR. HIGH I	JR. HIGH I				

For example, within the math department in the high school, we may have a valid reason for wanting to exceed the budget for equipment. If all the other expense categories within the department are reasonable, we may then be able to justify this over-expenditure.

This same philosophy would hold true for an entire department if there are enough other departmental dollars to make up the amount over-spent. In this way, we have built a controllable hierarchy of budgeting dimensions (objects within departments, departments within schools, schools within the district).

303.2 Introduction to Revenue Accounting.

In order to determine the limits for budgeting expenditures, it is necessary to determine the amount of dollars that the district will be receiving. This task will generally fall upon the financial department.

The Revenue Chart of Accounts (Figure 6-1) illustrates the coding breakdown contemplated to accumulate this information. As with expenditures, a budget worksheet is prepared (Figure 6-2) which reports actual receipts for last year and the current year-to-date, and will accommodate three years of budget information. These revenue budgets are prepared by fund and the line items within the body of each budget are the sources of revenue.

If we wish to accumulate revenue data in a more detailed form than "source of revenue", we have the options of further breaking receipts into their organizational unit-department classification. For example, we may wish to accumulate receipts for athletics or school lunch by school rather than in total for the district.

As we prepare both expenditure and revenue budgets for two years hence, the School Board now has detail and summary information from which they can make sound fiscal decisions.

303.3 The Balancing Accounts.

Balance accounts are those accounts that would normally affect the general ledger in an accounting system. Section 700 explains this in detail.

In the most rudimentary systems, an accounting balance is maintained by effecting cash accounts for every revenue or expenditure transaction. From this point, we can increase the degree of accounting sophistication to the desired level of control required by a district.

As a minimum, a district under this system will maintain the following balance accounts:

- . A cash account for each fund
- . An investment account
- . A clearing account for each type of employee deduction grouping such as withholding tax, pension, etc.

. Encumbered reserves by fund for prior year encumbrances

The balance account numbers for the cash and encumbered reserve accounts are fixed as indicated in the balancing chart (Figure 7-1). The remaining accounts can be modified to suit the district. Further elaboration will be made in Section 700.

400. EXPENDITURE BUDGETING AND ACCOUNTING

In conceptualizing a system that would report information with maximum variations, the tendency is to get "carried away" with a coding structure that becomes unmanageable from an operating aspect. We have carefully considered this contingency in designing our coding structure and have, therefore, made it broad enough to encompass the required dimensions to run a school district, but simple enough to ensure proper coding. In addition, we have developed a technique which will allow gathering of additional information as a by-product of the system.

401. Chart of Accounts

We have developed an expenditure coding structure (Figure 4-1) which requires actual coding of three fields at all times, a fourth field if the expenditure is partially or fully reimbursable from non-district sources and a fifth field if special activity information is required. The computer will generate two additional dimensions.

401.1 Normal Coding Dimensions.

The following are the normal coding dimensions used within the system:

- a. Organizational unit -- a three-digit code that identifies the particular level that its accompanying department is involved in. For example: If the department is district-wide, (Superintendent's office), the organizational unit would be "all schools"; if the department involves only the elementary schools, but not one school in particular (elementary director), the organizational unit would be "all elementary schools"; if the department could be localized to one particular building (art, social sciences, etc.), the organizational unit would be the particular building involved.
- b. Department -- a three-digit code which identifies the area under a single administrative head, created to fulfill certain instructional or supporting service responsibilities. Example: instructional classroom teaching - foreign language department, math department, etc.; general control - Superintendent's Office, Business Affairs office, etc.
- c. Object -- a three-digit code which identifies budgeted line items (salaries, supplies, etc.)

These three areas comprise all the valid combinations of budgetable items from district funds that make up the majority of the school districts' total operating budget.

- d. Source/Project -- In order to accommodate those expenditures made through non-district financed aid programs or for special projects that we wish to budget for separately, a three-digit field has been established which must be coded ONLY in these circumstances. Consequently, there would be a separate budget

prepared for each department involved in a financed aid program, in addition to that department's budget which involves monies from district sources. As an example: the coding structure would be as follows for an expenditure for equipment for business education at the high school from a vocational education aid fund:

Organizational unit -- a three-digit code for the high school involved.

Departmental unit -- a three-digit code for business education.

Source/Project -- a three-digit code for VEA.

Object -- a three-digit code for equipment.

Twelve digits TOTAL.

401.2 Exceptional Coding Dimension.

An additional area of information will be made available to the system on request through the use of an activity code. This is a three-digit code that will take the data that accompanies it and put it in a separate file for analysis and reporting per the definition of the requestor. This is collected as a by-product of the normal process and is added to the coding dimensions described in 401.1 when special information is desired. The Activity Chart of Accounts is illustrated in Figure 4-2.

Example 1: The Instruction Coordinator is responsible for curriculum development and he would like to have a breakdown of expenditures for curriculum development in social studies, math and science. He would be assigned three numbers which would represent the three departments involved for this purpose, and all related expenditures would be coded with its respective activity code. When the transactions are processed, this information would be put on a separate activity file in addition to being processed through the normal routines. Subsequently, the desired report would be printed as requested.

Example 2: The district Superintendent wants to know the total spent for snow removal through contract services as compared to custodial services. All snow removal expenditures through contract services would be coded with an activity code while custodial snow removal would be coded with another activity code.

401.3 Additional Information Dimensions.

As a part of the conversion routine, the financial department will list all the valid twelve-digit combinations of organizational unit - department - source - object that were budgeted for the district. Each configuration of twelve digits will result in mutually exclusive funds and areas of responsibilities (Figure 4-3).

In other words, when we analyze each budgeted line item, we will be able to determine and insert, as part of the record, the fund and the area of responsibility which will be involved.

For example: "Towels, locks and uniforms" for the athletic department at North Junior High School would be coded according to the Chart of Accounts as:

Organizational <u>Unit</u> xxx	<u>Department</u> xxx	<u>Source/Project</u> xxx	<u>Object</u> xxx
--------------------------------------	--------------------------	------------------------------	----------------------

This would be a budgeted line item against which we would eventually accumulate expenditures. When this line item is originally set up in the file, we would determine the following:

Fund -- General-Acct. No.921
Area of Responsibility -- Co-curricular Activities -- Act. No.1171

Thereafter, whenever we want any reports by fund or area of responsibility, it will automatically be generated.

401.4 Chart of Accounts Summary.

As indicated earlier, the valid combination of budgeted twelve-digit numbers are compiled at the time the original budgets are determined. This is inputted into the system as the only valid numbers that will be acceptable. Consequently, no expenditures will be permitted against an area that has not been budgeted previously. However, a "zero" budget item must be set up first to create a new record.

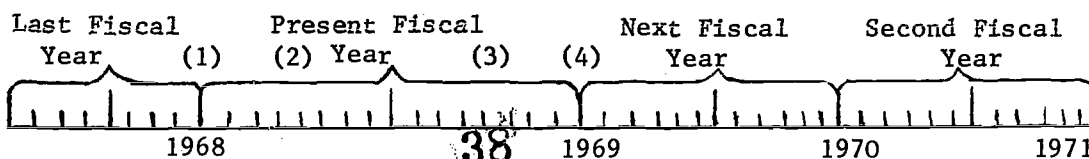
In summary, the following code areas are inherent within the system:

<u>Organizational</u> <u>Unit</u> xxx	<u>Dept.</u> xxx	<u>Source/</u> <u>Project</u> xxx	<u>Object</u> xxx	<u>Fund</u> xxx	<u>Area of</u> <u>Resp.</u> xxx	<u>Activity</u> xxx
Develops table of master file valid transactions and budget items				Determined at Inception		Special Info. Code

402. Expenditure Budgeting.

In planning budgets for a school financial accounting system, some timing problems present themselves regarding future-year budgeting, fiscal versus calendar years and the levying requirements involved.

We must, therefore, retain a history of budgeted expenditures for the present year, the next year and the second year. The significance of the information in each year depends on the time of the year and can best be illustrated on the following time scale:



- a. On June 30th of the present fiscal year, all the expenditures for the past year have been run through the system and we must update our master file to reflect the new year status. Consequently, all the expenditure information must be moved to the "Last Fiscal Year" on our master file: the budget data from the "Next Fiscal Year" must be moved into the area for the "Present Fiscal Year", and the budget data from the "Second Fiscal Year" must be moved into the "Next Fiscal Year" area.

At this point, we have information on our files that reflect:

- . A previously approved budget for the present year
- . A tentatively approved budget for the next year
- . No information for the second fiscal year

Therefore, we are ready to process actual expenditures for the new fiscal year against its budget while we still have the flexibility of modifying next year's budget and creating a second-year levy budget.

- b. In the fall of the present fiscal year, the budget sheets for the next two years will be automatically prepared (Figure 5-1). The budgets are printed in organizational unit - department sequence with the line items (objects) being the budgeted items involved. The Department Head will be asked to make changes in his department's next-year budget that involved changes in "program only" since he had last prepared his budget, and to also fill in new data for the second-year budget.

The budget sheets will then be sent to the Business Affairs office for review. The Business Affairs office will make any general changes by applying factors or absolute amounts to desired fields. For example, if teachers' salaries were increased by a percentage factor, these changes could be applied against the master file directly. This concept could also be applied against certain line budget items that were affected by yearly changes in school population or by cost of living increases.

- c. During February or March of the present fiscal year, the file would be updated by the budget changes that were made and the various reports for the School Board would be prepared for approval of the next year's operating budget and tentative approval of the levy budget.
- d. Before the end of the fiscal year, we will hopefully have obtained budget approval by the School Board and changes made to the levy budget.

402.1 Budget Preparation Coordination.

It is apparent that by delegating certain budgeting responsibilities to the departmental level, some time constraints must be imposed so that each step of the budgeting process is completed in time.

The degree of cooperation in this regard will be dependent upon the degree of understanding that the budgeting staff has of the significance of their assignments. Consequently, early in-service training is suggested. With this approach, the departmental people will see that the system now allows them to partake to a greater extent in managing their respective areas. However, along with this responsibility goes the responsibility of preparing the data.

The financial department must prepare a calendar indicating the dates that each phase of the budgeting process must be completed. An example of such a calendar is shown in Figure 4-4.

402.2 How the Budget Process Functions.

With a computer-operated system, there are advantages to segmenting data to its smallest usable dimension because the computer can accumulate and summarize data very quickly and efficiently. However, this necessitates having a coding system whereby the account numbers have logical significance.

For this reason, we have developed a Chart of Accounts with a greater number of digits than would probably be required by most school districts. For example, we have designated eight general object areas:

100-199	Salaries and Wages
200-299	Employee Benefits
300-399	Supplies and Materials
400-499	Contract Services
500-599	Capital Outlay and Replacement
600-699	Building
700-799	Debt
900-999	Other Expenses

The coding breakdown within these categories is entirely flexible, depending on the object data a district desires to use. In the Chart of Accounts displayed herein, five categories of certified salaries are used. They can be reported:

- . Individually by department within organizational unit
- . Combined by department within organizational unit
- . By the entire district
- . For individual schools

As the need arises from one budgeting period to the next, additional detail accounts can be inserted as desired. Therefore, the actual individual budgets can be dynamic in that the information gathered can be enhanced from year to year. In addition, this does not preclude gathering special information during a budgeting year by the use of the activity code.

During the first budgeting year, under this system if the district is decentralizing their budget process to a greater degree than was done previously, some benchmarks of dollar expenditures must be made

by the financial department as a guideline for budgeting. In subsequent years sufficient history will have been gathered to develop dollar guidelines by object categories.

When all the budgets have been preliminarily approved, they are inputted into the system. As the system is used from year to year, only the changes to next year's budget have to be inputted when the second-year (levy) budget is prepared.

Budget reports are then prepared to relate expenditure budget data as they effect various dimensions and as they compare to previous years' budgets and actual expenditures. This gives the financial department and the School Board sufficient information to determine their total revenue requirements, to modify the expenditures where necessary, and to determine the levy requirements.

403. Expenditure Accounting.

As indicated earlier, at the end of a fiscal year all the "old year" expenditure data is moved into the "last-year actual expenditure" area and the "next year's" budget is moved into the "present year area" on the master file.

We are now prepared to process expenditure transactions against the master file. We have established the following prerequisites as part of the system:

- . All expenditures must be made against a table of valid twelve-digit numbers (organizational unit - department - source - object).
- . All purchase orders must contain valid expenditure numbers and the system will automatically encumber these dollars.

The frequency of updating the master file will depend on the user district which must evaluate the number of transactions and timeliness of output reports as they effect costs of processing.

The system will produce an edit listing of all the transactions being processed which will be the basic hard copy document recording in detail what has been inputted into the system.

If the transaction also contains an activity code, this information will be placed on a separate activity file in addition to being processed through the normal master file update routine.

403.1. Purchase Orders.

The issuance of a purchase order is a commitment against certain budgeted funds. This commitment is called an encumbrance. A sample purchase order is shown in Figure 4-3. This will be used on all purchases where there is an interim of time before the product or service is delivered. Direct payments such as utility bills, salaries, etc., would be applied directly when vouchers are prepared.

Essentially, the purchase order functions as a memo transaction which is used to determine a realistic budget balance for each budgeted item. For example, the budgeted line item for textbooks for the math department at the high school might look like this:

Budgeted Amount	800
Encumbered (ordered but not delivered yet)	-300
Expended (books paid for)	<u>-220</u>
Budget Balance	\$280

Therefore, there is still \$280 remaining in this budget to purchase textbooks for the math department at the high school for this fiscal year.

A purchase order may apply against several budgeted items. In this instance, a separate twelve-digit code must be indicated on the purchase order for each budget item.

Provisions have been made on the purchase order form to indicate if reverse action is to be taken on submitted data, i.e., a cancelled purchase order or removal of data applied to the wrong budgeted item.

The system has been designed to maintain, on a separate file, all purchase orders that are still open. The system determines when a purchase order has been filled by the use of a "full" or a "partial" payment code when inputting voucher data.

403.2 Vouchers.

The payment to vendors is done through the voucher preparation routine. This accomplishes several things:

- . Updates the master file for each budgeted object category involved. Therefore, if this is a payment of an encumbered item, it will move the data from "encumbered" to "expended".
- . Updates the open purchase order file if this is a payment of an encumbered item.
- . Creates a check to pay the vendor.

A separate transaction must be made for each budgeted object category. If one check is desired for a vendor, all payments to that vendor must be inputted consecutively and the system will then accumulate the data, print the detail information on the check stub and write one check.

The detail input requirements will be discussed in Section 900. Essentially, what transpires within the system when expenditure voucher data is inputted is that the fund balance for each object category is reduced and the cash balance for each fund category is also reduced, thereby maintaining an accounting balance.

INDEPENDENT SCHOOL DISTRICT NO.
Proposed Chart of Accounts

<u>A. ORGANIZATION UNIT</u>	<u>B. DEPARTMENT/COURSE</u>
005 All Schools	000 Does Not Apply
105 All Secondary Schools	010 Agriculture
	020 Art
205 All Senior High Schools	030 Business Education
210 Central	040 Distributive Education
215 New	050 English Language Arts
	051 Debate
305 All Junior High Schools	052 Drama
310 North	053 Reading
315 South	060 Foreign Languages
320 West	070 Health Occupations
	080 Health Safety & Phys. Ed.
405 All Elementary Schools	090 Home Economics
410 Alice Smith	100 Industrial Arts
415 Burnwell	101 Crafts
420 New (NW Area)	102 Drafting
425 Glen Lake	103 Electricity & Electronics
430 New (SW Area)	104 Metalworking
435 Harley Hopkins	105 Power Mechanics
440 Katherine Curren	106 Woodworking
445 Katherine Curren Annex	107 Graphic
450 L.H. Tanglen	110 Mathematics
455 Oak Knoll	120 Music
460 Westview	121 Instrumental
	122 Vocal
500 As Needed for Other Elementary Schools	130 Natural Sciences
	131 Biological
605 Summer Programs (All)	132 Earth-Space
610 Summer School	133 Physical
	140 Office Occupations
	150 Social Sciences
705 All Adult Education Programs	160 Technical Education
710 Adult Education	170 Trades & Industry
	180 General Education
805 All Other Programs	190 Exceptional Child Education
810 Area Vocational-Technical Schools	191 Educable Mentally Handi- capped
890 Units Associated With One or More Schools but Independently Administered	192 Trainable Mentally Handi- capped
898 Units Not Associated With a School or Administrative Office	193 Learning Disabilities
899 Other Units Not Previously Identified	194 Speech Handicapped
	195 Hearing Handicapped
	196 Visually Handicapped
	199 Mentally Gifted
	200 Co-curricular Activities
	210 Academic Co-curricular Activities
	220 Athletic Co-curricular Activities

230 Music Co-curricular
Activities
240 School Services Co-curricular
Activities
250 Social Co-curricular
Activities
300 Driver Education
500 Homeroom (Grade Level, etc.)

Departments Outside The
Instructional Subject Area

600 Central Audio Visual &
Library Coordinator
602 Central Library Processing
604 Library Services
606 Audio-Visual Services
608 Helping Teachers
700 Superintendent
710 Board of Education
720 Public Information
730 Business Affairs Director
740 Budgeting and Accounting
750 Information Systems Director
760 Legal
770 Personnel Director
780 Purchasing
790 Central Stores
800 Central Receiving
810 Central Printing & Publica-
tion
820 Central Attendance
830 Central Census
840 Secondary Director
850 Elementary Director
860 Principal
870 Instruction Coordinator
880 Research & Development
890 Maintenance
900 Operation
902 Laundry
910 Food Service
920 Pupil Personnel Coordinator
922 Guidance Services
924 Social Work Services
926 Psychological Services
928 Health Services
930 Transportation
932 Transportation Garages
940 Community Services
942 Recreation Services
944 Summer School
946 Adult Education

C. SOURCE/PROJECT Figure 4-1
Various

003 Title II, N.D.E.A.
005 Title V, N.D.E.A.
007 Title VA, N.D.E.A.
009 V.E.A.

Title I, E.S.E.A.

010 Summer Rdg. 1967-68
011 Human Relations 1968-69

Title II, E.S.E.A.

020 Title II, 1967-68
021 Title II, 1968-69

Title III, E.S.E.A.

030 Modular Scheduling 1967-68
031 Modular Scheduling 1968-69

Title V, E.S.E.A.

050 Field Test Finance 1968-69

Transportation

060 Mentally Handi. W/I
District-Special Classes
061 Physically Handi. W/I
District-Regular Classes
062 Mentally Handi. W/I
District-Regular Classes
063 Physically Handi. O/S
District-Special Classes
064 Reimbursable Regular
Contract
065 Non-Reimbursable Regular
Contract

Other Projects

202 Special Events
204 Pre-School Workshops
206 Graduation
208 Recreation Program
210 School Newspaper
212 Recruiting/Screening

Figure 4-1 continued

<u>D. OBJECT</u>	
<u>100 Series-Salaries & Wages</u>	<u>Supplies & Materials</u>
100 Executive	<u>300 Series</u>
102 Instruction Admin.	300 Textbooks & Repair
104 Business Admin.	310 Library Books
106 Instruction Consultant & Coordinator	312 Professional Books & Material
110 Principals	314 Periodicals & Newspapers
112 Kindergarten	320 Audio-Visual Aids & Newspapers
114 Certificated Regular	322 Films & Filmstrips
120 Supervisors	324 Records and Tapes
122 Regular	326 Models and Exhibits
130 Secretary & Clerical	330 General Supplies
132 Casual	332 Postage and Express
134 Overtime	334 Tests & Test Scoring
140 Substitutes	336 Towels, Locks, Uniforms, Etc.
150 Supplemental Tutoring	340 Food
151 Homebound Tutoring	350 Repair Supplies-Sites
152 Extra Assignments	351 Repair Supplies-Bldg.
153 Curriculum Development	352 Repair Supplies-Equip.
154 Curriculum Development	353 Glass & Paint-Bldg.
156 In-Service Training	360 Trans. Supplies-General
158 Dept. Chairman Pay	362 Gasoline
160	364 Oil and Grease
170 Departmental	366 Tires and Tubes
180	399 Other Supplies & Materials
199 Other Salaries	<u>400 Series-Contract Services</u>
<u>200 Series Employee Benefits</u>	402 Legal
200 Social Security	404 Audit & Fiscal
202 PERA	406 Research & Planning
204 Supplemental Retirement	408 Curriculum Development Consultant
220 Personnel Insurance	412 Other Professional
221 Hospitalization	416 Data Processing
223 Major Medical	420 School Election
225 Disability Income	422 Printing & Publishing
227 Life	
229 Workmen's Compensation	
299 Other Employee Benefits	

400 Series (cont.)

430 Rental-Land & Bldgs.
432 Rental-Equipment
434 Rental-Supplies
440 Trans.-Public Carrier
442 Trans.-Private Carrier
444 Expense in Lieu of Trans-
portation
446 Transportation-Departmental

450 Utilities-General
451 Electricity
452 Telephone & Telegraph
453 Water & Sewer
455 Gas
457 Oil
458 Coal

460 Repair-Sites
461 Repair-Bldg.
462 Repair-Equipment
463 Piano Tuning

470 Insurance-General
471 Property
473 Liability
475 Vehicles
477 Surety Bond
479 Judgment Against District

480 Snow Removal
482 Refuse Removal
484 Exterminating Service
486 Laundry & Dry Cleaning
488 Rug Service

490 Overload Services
492 Official Expenses
499 Other Contract Services

500 Series-Capital Outlay and Replacement

501 Site & Improvements
502 Sites & Improvements -
Provisional

510 Bldgs. & Improvements
512 Bldgs. & Improvements -
Provisional

520 Furniture - New
521 Machinery & Apparatus - New
522 Vehicles - New
523 Equipment Installation
Purchase - New
524 Library Books - Initial
525 Audio-Visual - Initial
529 Equipment - Provisional

530 Furniture - Replacement
532 Machinery & Apparatus
534 Vehicles - Replacement
536 Equipment Install. Pur-
chase - Replacement

599 Other Capital Outlay

600 Series-Building

600 Sites
610 Buildings
620 Architect Equipment
630 Furniture
631 Machinery & Apparatus
632 Vehicles
639 Equipment - Provisional

609 Other Building

700 Series- Debt

700 Bond Principal
710 Bond Interest

900 Series-Other Expense

901 Travel Within District
902 Travel Outside District
904 Field Trips
905 Dues & Membership
907 Tuition

991 Deficits of Student Activi-
ty Fund
993 Indebtedness of Discontin-
ued District
994 Previous Years Certificates
of Indebtedness
996 Abatements of Revenue
998 Transfers

999 Investments Purchased

Figure 4-2

ACTIVITY

<u>100 Series-Activity Performed in More Than One Department</u>	
102	In-Service Training
104	Curriculum Development
<u>200 Series-Activity Performed Involves More Than One Object Category</u>	
202	Custodial Services
204	Secretary and Clerical Services
206	Snow Removal Services
<u>300 Series-Activity Performed Defined as a Specific Project for a Specified Period of Time</u>	
302	Reading Program Improvement
304	Math Program Improvement (Individualized Instruction Costs)
306	Custodial Improvement (New Scrubbing Machine Costs)

This is merely an example of how the activity dimension may be used. The actual coding for each district can be entirely unique to that district and used to report any data that a district wishes to accumulate on this file.

E. AREA OF RESPONSIBILITY

Instruction

- 1101 Instructional Services, Gen.
- 1111 Classroom Teaching
- 1121 Library Services
- 1131 Computer Assisted Instruction
- 1141 Educational TV Services
- 1151 Audio-Visual Services
- 1161 Homebound Teaching & Other Teaching
- 1171 Co-Curricular Activities

General Control

- 2101 General Administration
- 2106 Board of Education
- 2111 Business & Finance
- 2116 Data Processing
- 2121 Legal Services
- 2123 Fiscal Control
- 2126 Personnel Administration
- 2128 Census Enumeration
- 2129 School Election
- 2131 Warehousing & Distribution
- 2136 Centralized Printing & Publication Services
- 2141 Other General Control

Instructional Administration

- 2251 Instructional Admin., Gen.
- 2256 Administration of a School
- 2261 Improvement of Curriculum & Instruction
- 2266 Other Instructional Admin.

Research and Development

- 2371 R & D, General
- 2376 Research
- 2381 Development
- 3286 Evaluation
- 2391 Statistics
- 2396 Other R & D Services

Facilities, Maintenance & Operation (Current Operating Expenses)

- 2401 Plant Maint. & Oper., Gen.
- 2411 Site Maintenance
- 2416 Site Operation
- 2421 Building Maintenance
- 2426 Building Operation
- 2431 Built-In Equipment, Maint.
- 2436 Built-In Equipment, Oper.
- 2441 Movable Equipment, Maint.
- 2446 Movable Equipment, Oper.
- 2448 Vehicles Except Busses

Facilities, Acquisition or Improvements (Capital Outlay and Building Fund)

- 2551 Plant Acq./Improvement, Gen.
- 2561 Site Acq./Improvement
- 2571 Building Acq./Improvement
- 2581 Built-In Equipment Acq./Improvement
- 2591 Movable Equipment Acq./Improvement

Food Services

- 2601 Food Services, Gen.
- 2611 Food Preparation & Serving
- 2621 Transportation of Food
- 2631 Other Food Services

Pupil Personnel

- 2701 Pupil Services, Gen.
- 2711 Attendance Services
- 2716 Guidance Services
- 2721 Social Work Services
- 2726 Psychological Services
- 2731 Therapeutic Services
- 2741 Other Pupil Services

Health Services

2851 Health Services, Gen.
 2861 Medical Services
 2866 School Nurse Services
 2871 Dental Services
 2881 Other Health Services

Pupil Transportation
 (Current Operating Expense)

2901 Transportation, Gen.
 2911 Vehicle Operation
 2921 Vehicle Servicing & Maint.
 2931 Other Transportation Services

Community Services

7701 Community Services, Gen.
 7711 Recreation
 7721 Civic Activity
 7731 Public Libraries
 7741 Custody and Detention
 7751 Welfare Activities
 7761 Non-Public School Services
 7771 Other Community Services

Outgoing Transfers

8801 Transportation Within State
 8811 transportation Outside State
 8821 Tuition Within State
 8831 Tuition Outside State

Debt Service

9911 Bond Redemption
 9921 Long-Term Loan
 9931 Short-Term Loan
 9941 Current Loan

Figure 4-4

BUDGET CALENDAR
1969-70

<u>Category</u>	<u>Due Dates</u>
1. <u>Budget Information</u> Budget material forwarded to staff by Business Affairs Office.	November 19
2. <u>Budget Requests</u>	
a. Building Departments (Prepared by department chairman and principal) Date due in respective office:	
- Principal	February 3
- Director or Coordinator	February 17
- Business Affairs	March 14
3. <u>Superintendent's Review</u>	
a. Review of preliminary operating budget	April 8
b. Discussion of preliminary budget with administrative staff	April 14
c. Final revisions to preliminary budget	April 28
4. <u>Presentation of Proposed Operating Budget and Board Review</u>	
a. Budget document mailed to Board	May 19
b. Presentation and review	May 22
c. Special Board meeting to consider proposed budget	May 29
d. Board approval	June 19

500. OUTPUT REPORTS FOR EXPENDITURES

The basic objectives of a program oriented budgeting and accounting system is to have the flexibility of reporting data in a manner that will satisfy and assist the budgeting and accounting function and at the same time, supply useful management reports to the various administrative levels within the system. The management reports should reflect previous decisions, financial goals and commitments on a timely basis to allow modifications to be effected when they are meaningful.

Consequently, while adjustments and refinements in budget preparation can be done over a period of months, actual expenditures that might distort the budgeted plan should be signaled at the time these transactions are processed. We have prepared the following reports with this criteria in mind.

501. Budget-Related Reports

Budget Work Sheet (Figure 5-1) - a separate budget sheet will be prepared for each organizational unit - department - source code. The line items (objects) within each of these areas would then be listed with their corresponding information. New objects can be added as new departmental programs are developed.

This means that every budgeting department within the school district will have a separate budget sheet. In the event that a department is utilizing funds from a source other than from the district, a separate budget will be prepared for those funds.

- Budget Report by Building Department (Figure 5-2) - this is a comparative report by organizational units within building departments which would indicate the relationship of next year's budget and the levy budget to the present-year budget and the previous year's actual expenditures. This report would indicate the relationship of one school to another and for a department as a whole. A Supplementary Report (Figure 5-3) would list summary figures for both district-wide and building departments.
- Budget Report by Organizational Unit (Figure 5-4) - this would break down the budgeting to the organization unit level with a listing of each departmental budget within an organizational unit. We would print a comparison of last year's actual expenditures to this year's and next year's budget. We would also indicate the differences in budget between this and next year.

Consequently, the entire budget for each school can be conveniently displayed and the major differences from year to year would be readily apparent.

- Budget Report by Area of Responsibility (Figure 5-5) - this report would be printed by area of responsibility comparing last year's actual expenditures to this year's and next year's budget. We would

also indicate the differences in the budgets. For more consolidated information, we would also print a summary report with just the area of responsibility totals.

- Disbursement Report by Fund (Figure 5-6) - this report would compare the dollars actually expended in each fund last year with the budget this year and next, indicating the difference in budgets.
- Unit Administrators Budget Report (Figure 5-7) - this report would be formatted for columnar information the same as the organizational unit report except that this report would detail each departmental budget down to the objects within the departments.

You will note that these budget reports utilized basically the same information displayed in a different dimension for different purposes.

502. Operational Output Reports

The previous reports indicated the data that was available and could be reported regarding budgets. The following reports are designed to supply management information concerning the operational year. It should be kept in mind that the user district will be supplied, in detail, computer listing of the transactions that were processed, with dollar and hash total balances as dictated by the system for necessary financial control.

Consequently, the following reports are additional data to assist in controlling the actual commitments to the budgeted dollars:

- Expenditure Guideline Report by Organizational Unit (Figure 5-9) - this is a report of expenditures and encumbrances against what was budgeted with a calculation of the budget balance. It is anticipated that a separate page would be printed for each department so that the individual who prepared the budget would get a copy of his progress towards his budget.
- Expenditures, Encumbrances Warning Report (Figure 5-10) - the system is designed to warn when the actual dollar commitments, on a department, organizational unit or fund level, are approaching the budgeted amounts. In this way, action on use of funds can be taken in time to effect budgetary controls. The percentage can be varied by district as desired.
- Expenditures & Encumbrances Exceed Budget Amount Report (Figure 5-11) - although a department may well be within its total budget, certain line items (objects) within the department may have exceeded their budgeted amount. This report would be beneficial for the budget administrator to be aware of these occurrences for adequate control of the system.
- Transaction Audit Report (Figure 5-12) - we have anticipated, for adult purposes, a monthly sorting of the actual expenditures transactions into object order.

- . Expenditure Guideline Report by Area of Responsibility (Figure 5-13) - this is a report of the progress against the budget by area of responsibility. This report would give a bird's-eye view of district-wide expenditures for administrative information.
- . Monthly Purchase Order and Voucher Transactions by Budgeting Area (Figure 5-14) - this report is a listing of all transactions for the month by budgeting area. It is used to reconcile the summary expenditure data reported in other reports.

Figure 5-1

EXPENDITURE BUDGET WORK SHEET
FOR
INDEPENDENT SCHOOL DISTRICT NO. _____
SCHOOL YEAR JULY _____ THROUGH JUNE _____

Organizational Unit 210 Central Senior High Department 405 Principal's Office Source _____

Students: 2298 2342 2342

Past Year This Year Next Year Date Submitted Date Reviewed Date Approved

Object Number	Description	1967-68 Last Year Actual	Yr.-to-Dt. Total Charges	This Year's Budget	1969-70 Nxt Yrs Pre-Budget lim. Budget	Next Year's Revis. % Budget	1970-71 Levy Budget	Principal and/or Director Review Comments and Change Approval
122	Certificated Sub.	4	0	250	300			Comment: 1. Leave at least 3 sp. between objects so that in Revision col., the Dept. person can indicate his need on 1st line, Principal on 2nd line and Director on 3rd line. 2. Suppress cents on all reports.
300	Textbooks	24,678	12,565	29,400	26,400			
330	Gen. Supplies	16,595	4,902	24,500	28,200			
446	Transportation	275	100	300	300			
462	Repairs	414	16	200	400			
520	Furniture/New	2,000	0	0	1,200			
530	Furniture/Replacement	500	0	505	0			
521	Machine & Apparatus/New	3,092	1,028	7,604	4,200			
	Total: Principal Office	47,558	18,611	62,759	61,000			

Figure 5-2

BUDGET REPORT BY BUILDING DEPARTMENT

	(Past Yr) 1967-68 <u>Actual</u>	(Pres.Yr) 1968-69 <u>Budget</u>	(Next Yr) 1969-70 <u>Budget</u>	(2nd Yr) 1970-71 <u>Budget</u>
<u>PRINCIPAL'S OFFICE</u>				
Central Sr. High	71787	77550	81430	82525
New Sr. High				
Sr. High Total	<u>138420</u>	<u>142520</u>	<u>147325</u>	<u>149220</u>
North Jr. High	19975	31000	32560	33005
South Jr. High				
West Jr. High				
Jr. High Total	<u>80372</u>	<u>77420</u>	<u>81300</u>	<u>83670</u>
Burwell Elementary	14017	15600	16380	16640
Westview				
Total Elementary	<u>154205</u>	<u>167620</u>	<u>171400</u>	<u>173420</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL PRINCIPAL'S OFFICE	xxxxxxx	xxxxxxx	xxxxxxx	xxxxxxx
<u>ART</u>				
Central Sr. High	9599	10875	11420	11500
New Sr. High				
Sr. High Total	<u>18722</u>	<u>21420</u>	<u>22200</u>	<u>23400</u>
North Jr. High	2901	3900	4100	4200
Jr. High Total	<u>12156</u>	<u>11200</u>	<u>11650</u>	<u>12200</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL ART	xxxxxx	xxxxxx	xxxxxx	xxxxxx
All Building Departments				
GRAND TOTAL	xxxxxxx	xxxxxxx	xxxxxxx	xxxxxxx

Figure 5-3

SUMMARY REPORT OF ALL DEPARTMENTS

	<u>1967-68</u> <u>Actual</u>	<u>1968-69</u> <u>Budget</u>	<u>1969-70</u> <u>Budget</u>	<u>1970-71</u> <u>Budget</u>
Superintendent's Office	84259	85020	82040	84240
School Board	8425	7800	8250	8100
Total District Offices	xxxxxxx	xxxxxxx	xxxxxxx	xxxxxxx
Principal's Office	178233	186760	196200	202200
Art	21755	20600	21630	22240
Athletics	32255	37500	39370	40420
Total Building Departments	xxxxxxx	xxxxxxx	xxxxxxx	xxxxxxx
Total All Departments	xxxxxxx	xxxxxxx	xxxxxxx	xxxxxxx

Figure 5-4

BUDGET REPORT BY ORGANIZATIONAL UNIT

	<u>1967-68</u> <u>Actual</u>	<u>1968-69</u> <u>Budget</u>	<u>1969-70</u> <u>Budget</u>	<u>Difference</u> <u>In Budget</u>
<u>All Schools</u>				
Superintendent's Office	84259	85020	82040	-2980
Board of Education	8425	7800	8250	450
Business Office	1190321	1412520	1483150	70630
Census				
 Total All Schools	 <u>xxxxxxx</u>	 <u>xxxxxxx</u>	 <u>xxxxxxx</u>	 <u>xxxxxx</u>
 <u>All Secondary Schools</u>				
Secondary Directors Office	93329	123370	129540	6170
 Total All Secondary Schools	 <u>xxxxxx</u>	 <u>xxxxxxx</u>	 <u>xxxxxxx</u>	 <u>xxxxxx</u>
 <u>Central Sr. High</u>				
Principal's Office	71787	77550	81430	3880
Art	9599	10875	11420	545
Athletics				
 Total Central Sr. High	 <u>xxxxxx</u>	 <u>xxxxxx</u>	 <u>xxxxxx</u>	 <u>xxxxx</u>

(Minor Totals at each Level of Education -- Sr. High, Jr. High, etc.)
 (Grand Total of Whole Budget)

Figure 5-5

BUDGET REPORT BY AREA OF RESPONSIBILITY

	Prev.Yr. Actual <u>1967-68</u>	Pres.Yr. Budget <u>1968-69</u>	Next Yr. Budget <u>1969-70</u>	Difference In <u>Budgets</u>
<u>Instruction</u>				
Classroom Teaching	3479621	4294620	4509350	214730
Library Services	96945	111834	117440	4495
Instruction Total	xxxxxxx	xxxxxxx	xxxxxxx	xxxxxxx
<u>General Control</u>				
Business & Finance				
Board of Education				
General Control Total	xxxxxxx	xxxxxxx	xxxxxxx	xxxxxxx
<u>Instruction Administration</u>				
Administration of a School				
Improvement of Curriculum and Instruction				
Instr. Admin. Total	xxxxxxx	xxxxxxx	xxxxxxx	xxxxxxx
<u>Facilities: Maintenance and Operation</u>				
Site Operation				
Building Maintenance				
Fac. Maint. & Oper.				
Total	xxxxxxx	xxxxxxx	xxxxxxx	xxxxxxx
<u>Health Services</u>				
Medical Services				
School Nurse Services				
Total Health Services	xxxxxxx	xxxxxxx	xxxxxxx	xxxxxxx
<u>Debt Service</u>				
Bond Redemption				
Short Term Loan				
Total Debt Service	xxxxxxx	xxxxxxx	xxxxxxx	xxxxxxx
TOTAL	xxxxxxx	xxxxxxx	xxxxxxx	xxxxxxx

(For a more consolidated report, we could list just the totals for each Area of Responsibility)

Figure 5-6

DISBURSEMENT REPORT BY FUND

	Prev.Yr. Actual <u>1967-68</u>	Pres.Yr. Budget <u>1968-69</u>	Next Yr. Budget <u>1969-70</u>	Difference In <u>Budgets</u>
General Fund	7265811	8983032	9433032	450000
Food Service	410418	467775	492775	25000
Capital Outlay				
Building Fund				
Debt Redemption				
Fully Financed Aid				
Total	<u>10364203</u>	<u>13657179</u>	<u>13892179</u>	<u>235000</u>

Figure 5-7

UNIT ADMINISTRATORS BUDGET REPORT

	Prev.Yr. Actual <u>1967-68</u>	Pres.Yr. Budget <u>1968-69</u>	Next Yr. Budget <u>1969-70</u>	Difference In <u>Budgets</u>
<u>Central Senior High</u>				
<u>Principal's Office</u>				
Certificated Regular	47500	50350	53371	3021
Text Books				
Repairs				
Total Princ. Office	<u>71787</u>	<u>77550</u>	<u>81430</u>	<u>3880</u>
<u>Art</u>				
Certificated Regular	7240	8400	8800	400
General Supplies				
Furniture - New				
Total Art	<u>9599</u>	<u>10875</u>	<u>11420</u>	<u>545</u>
<u>Athletics</u>				
Certificated Regular				
General Supplies				
Transportation				
Total Athletics	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>Guidance</u>				
Certificated Regular				
General Supplies				
Memberships				
Total Guidance	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>Home Economics</u>				
Certificated Regular				
Mach. & Apparatus				
Replacement				
Total Home Economics	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL CENTRAL SENIOR HIGH	XXXX	XXXXX	XXXXX	XXXXX

Figure 5-8

UNIT ADMINISTRATORS OBJECT BUDGET REPORT

	Prev.Yr. Actual <u>1967-68</u>	Pres.Yr. Budget <u>1968-69</u>	Next Yr. Budget <u>1969-70</u>	Difference In <u>Budgets</u>
<u>Central Senior High</u>				
Certificated Regular				
Principal's Office	27500	50350	53371	3021
Art	7240	8400	8800	400
Athletics	22500	23625	24806	1181
Guidance	29500	30975	32523	1548
Home Economics	12700	13300	13965	665
Total Cert. Regular	<u>122200</u>	<u>128750</u>	<u>135791</u>	<u>7041</u>
General Supplies				
Principal's Office				
Art				
Athletics				
Guidance				
Home Economics				
Total General Supplies	<u>xxxxxxx</u>	<u>xxxxxxx</u>	<u>xxxxxxx</u>	<u>xxxx</u>
Furniture Replacement				
Principal's Office				
Art				
Athletics				
Guidance				
Home Economics				
Total Furniture Replacement	<u>xxxxxxx</u>	<u>xxxxxxx</u>	<u>xxxxxxx</u>	<u>xxxx</u>
TOTAL SENIOR HIGH	<u>xxxxxxx</u>	<u>xxxxxxx</u>	<u>xxxxxxx</u>	<u>xxxx</u>

Figure 5-9

EXPENDITURE GUIDELINE REPORT
By Organizational Unit
YTD Month Ending December 31, 1968

	A	B	C	C- (A+B)
	<u>YTD Expend</u>	<u>Encumb</u>	<u>Budget</u>	<u>Budget Balance</u>
<u>All Schools</u>				
Superintendent's Office				
Non-Certificated-Regular	4272	0	8582	4309
General Supplies	504	245	975	224
Consultation	0	0	2500	2500
Total Supt. Office	<u>38424</u>	<u>1746</u>	<u>85020</u>	<u>44850</u>
Board of Education				
Travel w/i District	61	0	100	39
Travel o/s District	12	0	800	787
Total Board of Ed.	<u>4430</u>	<u>220</u>	<u>8250</u>	<u>3600</u>
TOTAL ALL SCHOOLS	xxxxxx	xxxxxx	xxxxxx	xxxxxx
<u>Central Senior High</u>				
Principal's Office				
Certificated-Regular	34250	0	51750	17500
General Supplies	7103	5100	8200	-403
Furniture-New	5000	450	5000	-450
Total Prin. Office	<u>xxxxxx</u>	<u>xxxxx</u>	<u>xxxxxx</u>	<u>xxxxxx</u>
TOTAL CENTRAL SR. HIGH	xxxxxx	xxxxx	xxxxxx	xxxxxx
<u>West Junior High</u>				
Principal's Office				
General Supplies				
Total Prin. Office				
Guidance				
General Supplies				
Total Guidance				
TOTAL WEST JR. HIGH	xxxxxx	xxxxx	xxxxxx	xxxxxx

Comments:

1. Report sequenced by object within department within organizational units.
2. Separate page for each department within a given organizational unit.

Figure 5-10

EXPENDITURE, ENCUMBRANCE WARNING REPORT
YTD Month Ending December 31, 1968

Total charges for the following departmental objects are within 80% of the budgeted amount.

	A YTD <u>Expend</u>	B YTD <u>Encumb</u>	C <u>Budget</u>	C-(A+B) Budget <u>Balance</u>
<u>Central Senior High</u>				
Home Economics				
Textbooks	502	150	700	47
Science				
Textbooks	470	0	500	29
General Supplies	202	75	300	23
<u>West Junior High</u>				
Principal's Office				
General Supplies	7023	400	8000	576
Repairs	182	0	200	17
<u>Westview Elementary</u>				
Principal's Office				
Rentals	101	0	110	9

Comments:

1. Report primarily used by administrator or reviewer of budgets.
2. Other reports available as follows:
 - a. The total charges for the following departments are 80% of the budgeted amount.
 - b. The total charges for the following organizational units are 80% of the budgeted amount.
 - c. The total charges for the following funds are 80% of the budgeted amount.

Figure 5-11

EXPENDITURE & ENCUMBRANCE EXCEED BUDGET AMOUNT

YTD Month Ending December 31, 1968

Total Charges for the follow- ing departmental objects ex- ceed budgeted amounts.	A YTD <u>Expend</u>	B YTD <u>Encumb</u>	C <u>Budget</u>	C-(A+B) <u>Amt Over</u> <u>Budget</u>
<u>Central Senior High</u>				
Principal's Office				
General Supplies	7103	1500	8200	-304
Furniture-New	5000	450	5000	-450
<u>North Junior High</u>				
Athletics				
Machine & Apparatus-New	10275	0	10000	-274
Business Affairs Office				
Overload Services	5400		5000	-400

Comments:

1. Report primarily used by administrator or reviewer of budgets.

Figure 5-12

TRANSACTION AUDIT REPORT OF EXPENDITURES BY OBJECT

For the Month of December 1968

<u>Object & Name</u>	<u>Amount</u>	<u>Check</u>	<u>Vendor Name</u>	<u>Invoice #</u>
300 Textbooks & Repair				
	100.00	9769	MacGregor Corp.	117968
	732.98	9841	MacGraw-Hill	6984
	<u>1054.55</u>	10655	MacGregor Corp.	114238
Total	1887.53			
330 General Supplies				
	42.71	9654	St. Paul Book	17638
	183.57	9891	Fireside Office	12391
	124.23	9923	General Office	739413
	1027.43	9941	St. Paul Book	18247
	<u>469.70</u>	9973	St. Paul Book	15983
Total	1380.94			
400 Repairs & Equipment				
	12.46	10123	Hagen Office Equip.	124
	17.85	10832	Johnson Piano	
			Repair	1371
Total	<u>30.31</u>			
700 Bond, Principal	120500.00	10651	1st National Bank	78911
	<u>5400.00</u>	10651	1st National Bank	78911
Total	125900.00			
GRAND TOTAL	xxxxxxx.xx			

Figure 5-13

EXPENDITURE GUIDELINE REPORT
BY AREA OF RESPONSIBILITY
For the Month Ending_____

	<u>M.T.D.</u>	<u>Y.T.D.</u>	<u>Budget</u>	<u>Variance</u>
Instructional				
General Control				
Instructional Administration				
Etc.				
Total				

Figure 5-14

PURCHASE ORDER AND VOUCHER TRANSACTIONS
By Budgeting Area

For Month Ending _____

Org. Unit-Dept.-Source	TR Code	P	P.Y.	Date	PO #	Check #	Amount	Var.
005-700-00	02			8/16	4254		125.00	
	02	*		8/14	4268		49.50	
	02		*	8/14	4269		<u>180.20</u>	
							354.70	
	03			8/3	4112	6254	33.00	
	03			8/7	4180	4321	195.00	-5.00
	03			8/18	4201	4380	<u>75.00</u>	.00
							303.00	
005-710-000	03			8/15		6434	225.00	.00
005-730-000	02	*		8/2	4241		85.50	
	02			8/6	4257		<u>192.00</u>	
							277.50	
	03			8/4	3620	6370	100.00	

600. REVENUE BUDGETING AND ACCOUNTING

Utilizing the same format as we have used with expenditures, we are maintaining revenue data on the same master file as expenditures.

601. Chart of Accounts

The attached Revenue Chart of Accounts indicates our revenue account breakdown (Figure 6-1). By coding our receipts with the indicated fund and source of revenue codes, we have developed a file whereby the revenue accounts will automatically follow the expenditures.

In order to enhance the flexibility of accounting and reporting of revenue we have also expanded the coding structure to include organizational unit and department.

In the majority of instances, the fund and source of revenue will be the lowest level of information desired. However, in certain areas it would be very helpful to be able to break revenue down to a finer dimension. For example, we might want to ascertain what part of Vocational Education revenue was received for the day school for adult education and for what departments. By also adding organizational unit and department codes, we can determine this information.

Therefore, the following code structure would be utilized for revenue budgeting and accounting:

<u>A</u> <u>Fund</u>	<u>B</u> <u>Source of Revenue</u>	<u>C</u> <u>Organizational Unit</u>	<u>D</u> <u>Department</u>
901 to 920	xxx	xxx	xxx

- . Revenue by Major Sources (Figure 6-4) - this is a summary report of the sources of revenue.

602. Revenue Budgeting

The budget worksheets are prepared by the computer for the district financial department. These budgets are by fund with the budgeted items being the "source of revenue - organizational unit - department". This is illustrated in Figure 6-2. The organizational unit and departmental codes would be the same as are used with expenditures.

The data illustrated in the budget worksheet is information which is already on the file. The current year's budget and the actual receipts last year and year-to-date is fixed information. However, next year's preliminary budget is subject to revision by any additional pertinent revenue data. With this information and with the expenditure budget information, the financial department can prepare the levy budget for two years hence.

602.1 Revenue Budget Reports.

After the new data is inputted from the revenue budget worksheets, the system will prepare the following budget reports:

- School Board Revenue Budget Report (Figure 6-3) - this is a comparative listing of the sources of revenue within each fund. This type of report will allow the School Board to pinpoint the areas where there are significant changes from prior years.
- Revenue by Major Sources (Figure 6-4) - this is a summary report of the sources of revenue.

603. Revenue Accounting

Batches of receipts transactions are inputted into the system along with expenditure batches of purchase orders and vouchers.

The data is inputted on a receipts transaction card which is illustrated in the input section of this manual. As the revenue records are updated, the appropriate fund balance and cash accounts are also updated to maintain an accounting balance.

A revenue operating report is prepared (Figure 6-5) by source of revenue within funds. This report gives a comparative analysis of all the sources of revenue by funds with a calculation of the variance between the budgeted amount and the year-to-date receipts.

INDEPENDENT SCHOOL DISTRICT NO.
Proposed Chart of Accounts

A. FUND

901 General
902 Food Service
903 Trust
904 Building Rehabilitation
905 Capital Outlay
906 Building
907 Debt Service
908 School Auxiliary
909 Fully Financed Programs
910 PERA

B. SOURCES OF REVENUE

100 Revenue From Local Sources

110 Property Taxes
111 Current Taxes
112 Back/Delinquent Taxes
113 Taxes in Advance
114 Payments in Lieu of Taxes

120 Sales Taxes

130 Income Taxes

140 Special Taxes
141 Current Taxes
142 Back/Delinquent Taxes
143 Taxes Advanced
144 Payments in Lieu of Taxes

150 Tuition and Transportation
151 Tuition From Students and Patrons (10.3)
155 Transportation From Students and Patrons (10.3)

160 Student Sources
161 Fees and Rental
162 Athletics
163 Music
164 Food Service

170 Interest
171 Permanent Funds and Endowments (10.81)
172 Temporary Deposits & Investments (10.82)

180 Other Revenue From Local Sources
181 Net Receipts From Clearing Accounts (10.83)
182 Rent From School Facilities (10.84)
183 Rent From Property Other Than School Facilities (10.85)
184 Gifts and Bequests (10.86)

Figure 6-1

<u>200 Revenue From Intermediate Sources</u>	328 Share of County Transportation for Secondary Pupils (20.31)
210 Property Taxes	330 Special Education
211 Current Taxes (20.8)	331 Special Instruction for Handicapped & Trainable (30.1333)
212 Back/Delinquent Taxes	
213 Taxes in Advance	
214 Payments in Lieu of Taxes	
	340 Emergency Aid
220 Sales Taxes	350 Vocational Education (30.136)
230 Income Taxes	
240 Special Taxes	360 Sales Taxes
241 Current Taxes	361 School Census Distribution (30.1411)
250 Tuition & Transportation	363 Personal Property Tax Replacement (30.1412)
251 County's Share of Tuition for Secondary Pupils (20.22)	365 Homestead Credit (30.1413)
255 County's Share of Transportation for Secondary Pupils (20.32)	370 Open
260 Student Sources	380 Other Revenue From State Sources
270 Interest	381 Mobile Homes (30.143)
280 Other Revenue From Intermediate Sources	382 Taconite (30.142)
281 County Apportionment (20.1)	383 Airport (30.148)
282 Taconite Revenue for Bond Retirement (20.4)	384 Gross Earnings (30.148)
	385 Non-Taxable Land
	386 State Trust Fund Lands
	387 Food Service Aid (30.4)
<u>300 Revenue From State Sources</u>	<u>400 Revenue From Federal Sources</u>
310 Foundation Program Aid (30.131)	410 Vocational Education (30.33)
311 Endowment Fund Aid (30.11)	430 Educational Opportunity Act 19 (PL 88-452)
312 Income Tax Distribution (30.12)	431 Title IB - Neighborhood Youth Corps
318 Share of County Tuition for Secondary Pupils (20.21)	432 Title IIA - Community Action Programs (Basic Adult Ed.)
320 Transportation	433 Title IIB - Economic Opportunity Act
321 Independent District Transportation Aid (30.1321)	434 Title IIA, IIB - Special Poverty Programs
323 Transportation of Physically Handicapped (30.1324)	440 Elementary and Secondary Education Act (PL 89-10)
	441 Title I - Educationally Deprived

Figure 6-1

442	Title II - Library	486	Research and Demonstration Projects in Education for the Handicapped (PL 88-164)
443	Title III - Supplement-ary Education	487	Area Redevelopment Act (PL 87-27)
445	Title V - Special Dis-trict Projects	488	Civil Defense Adult Educa-tion Program
446	Title VI - Special Edu-cation		
450	National Defense Educa-tion Act (PL 864)	500	<u>Non-Revenue</u>
451	Title III - Instruction	510	Unredeemed Certificates of Indebtedness (60)
452	Title VA - Guidance	520	Sale of Materials & Supplies Purchased for Resale (70.1)
460	Food Service	530	Sale of Real Property (70.2)
461	Food Service Aid (30.4)	540	Sale of Equipment (70.3)
462	School Milk Program	550	Sale of Lunches (70.4)
470	Other Revenue From Fed-eral Sources	560	Sale of Bonds (50.)
471	Federal Forest Lands (30.24)	570	Insurance Recovery (70.5)
472	Johnson-O'Malley Act (PL 73-167)	600	<u>Incoming Transfers</u>
473	Adult Education-Indian Program (PL 67-85)	610	Tuition From Within the State (80.1)
474	Construction/Federally Impacted Areas (PL 81-815)	620	Tuition From Outside the State (90.1)
475	Maintenance and Operation/ Federally Impacted Areas	630	Transportation From Within the State (80.2)
476	Assistance for Public Schools Affected by Major Disasters (PL 89-313)	640	Transportation From Outside the State (90.2)
477	Immigration & Nationality Act (PL 414)	650	Other From Within the State (80.3)
478	Juvenile Delinquency & Youth Offenses Control Act 1961 (PL 87-274)	660	Other From Outside the State (90.3)
479	Migrant Health Act 1962 (PL 187-692)	700	<u>Abatements</u>
480	Vaccination Assistance Act 1962 (PL 87-868)	800	<u>Interfund Transfers</u>
481	Educational Television Broadcasting Facilities (PL 87-447)	900	<u>Investments Sold</u>
482	Library Services and Con-struction (PL 88-269)		
483	Title II - Civil Rights Act 1964 (PL 88-353)		
484	Title IV - Civil Rights Act 1964 (PL 88-353)		
485	Teaching Materials for the Blind (20 USC 101-104)		

Figure 6-2

REVENUE BUDGET WORKSHEET
FOR
INDEPENDENT SCHOOL DISTRICT NO. _____
School Year July _____ Through June _____

FUND
01 GENERAL

Source of Rev- enue No.	Organ Unit No.	Dept. No.	Descrip- tion	1967-68 Last Yr. Actual	Yr-to-Date Receipt	This Yr's Budget	1969-70 Next Year's Prelim Budget	Next Year's Revis. %	1970-71 Levy Budget	Comments
111			Current Property Taxes	4,072,581	2,565,648	4,350,051	4,761,040			
141			Current Special Taxes	28,562	16,492	48,000	51,600			
151			Tuition From Student	815	783	1,200	1,470			
155			Trans. From Students	962	103	1,000	1,104			
161			Fees & Rental							
	210	410	Art Dept.	2,150	1,620	2,400	2,775			
	210	415	Athletic Dept.	14,736	13,269	16,491	18,400			
	210	515	Physical Ed. Dept.	3,270	1,765	3,400	3,550			

SCHOOL BOARD REVENUE BUDGET REPORT

Figure 6-3

	1967-68 <u>Actual</u>	1968-69 <u>Budget</u>	1969-70 <u>Budget</u>	1970-71 <u>Budget</u>
General Fund				
<u>Revenue From Local Sources</u>				
Property Tax				
Income Tax				
Special Tax				
Tuition & Transportation				
Etc.				
<u>Revenue From Intermediary Sources</u>				
Etc.				
Total General Fund	_____	_____	_____	_____
Food Service Fund				
Federal Food Service Aid				
Sale of Lunches				
Etc.				
Total Food Service Fund	_____	_____	_____	_____
Capital Outlay Fund				
TOTAL ALL FUNDS	_____	_____	_____	_____

(Also list summary with fund totals only)

Figure 6-4

REVENUE BY MAJOR SOURCES

	<u>1967-68</u> <u>Actual</u>	<u>1968-69</u> <u>Budget</u>	<u>1969-70</u> <u>Budget</u>	<u>1970-71</u> <u>Budget</u>
Revenue from Local Sources	XXXXXX	XXXXXX	XXXXXX	XXXXXX
Intermediate Sources	XXXXXX	XXXXXX	XXXXXX	XXXXXX
State				
Federal				
Non-Revenue				
Etc.				
Total All Sources	XXXXXX	XXXXXX	XXXXXX	XXXXXX

Figure 6-5

SOURCE OF REVENUE BY FUND

For Month Ending _____

	<u>M.T.D.</u>	<u>Y.T.D.</u>	<u>Budget</u>	<u>Variance</u>
General Fund				
Sales Tax				
Income Tax				
Special Taxes				
Total General Fund	XXXXXX	XXXXXX	XXXXXX	XXXXXX
Food Service				
Etc.				
TOTAL ALL FUNDS	XXXXXX	XXXXXX	XXXXXX	XXXXXX

700. BALANCE AND EQUITY ACCOUNTS

To this point, we have described the expenditure and revenue capabilities of the system. For a complete accounting system, we must maintain certain other accounts.

701. General Ledger (Balance Accounts), Fund Balance, Asset and Liability Chart of Accounts

The Balance and Equity Chart of Accounts (Figure 7-1) implies twelve digits and is, therefore, compatible with the expenditure and revenue numbering formats. Therefore, general fund is really 921-000-000-000, although only the first three digits are required in coding.

With this technique we are, therefore, also able to maintain each balance account, by fund, where desirable, by using the second set of three digits to denote fund. For example, cash for the general fund would be coded 940-921,000-000.

Consequently, we now have the flexibility of utilizing the system in varying degrees of accounting complexity from a modified cash system to a complete accrual accounting system.

701.1 Utilizing the Balance Accounts.

The least complex system must utilize certain balance and equity accounts as follows:

- . Fund Balance Accounts - a general fund MUST be established. Up to 19 other funds may be established (921 to 939).
- . Cash Balance Accounts - cash balances are maintained by fund. At least one cash balance account for the general fund must be maintained. This would be coded 940-921-000-000.
- . Investment Balance Account - this field would record the aggregate purchases and sale of investments and retain an aggregate investment balance. Because of the nature and possible diversity of investments. It has been anticipated that this would be retained as a manual subsidiary file.
- . An Encumbered Reserve Account for each fund - this account is used for maintaining the prior year's encumbered obligations that will be paid for in the current year. These accounts will be automatically updated in the "end-of-year" routine and the respective fund balances would be decreased. An encumbered reserve account for the general fund would be coded 970-921-000-000.
- . Clearing Accounts - in order to maintain our dollar balances for payroll, it will be necessary to keep clearing accounts for those dollars that were withheld from the employee but not paid out until a later time (i.e., Withholding Tax,

Retirement, etc.). The contra-entry will be made to these records when the actual district expenditure is made. The System will allow for nine clearing accounts (990-998).

In addition to the above required accounts, the system is designed to allow the use of any other asset or liability accounts designated by the district. This is possible because the input requires the coding of any asset or liability account used by each district other than those fund and cash accounts effected through normal expenditures and receipt transactions. This will be explained in detail in the input section.

701.2 Basic Transaction Run.

Figure 7-2 conceptualizes the basic transaction run of the system, as it affects the master file. As voucher transactions are processed, the system recognizes the associated fund that is involved with each expenditure and accumulates the dollars involved. The same technique holds true for revenue transactions. Subsequently, the dollars received and expended are posted to the respective fund balance and cash accounts.

When an investment is made, the system is told through the input procedure to debit account 945 (Investment) and credit the respective cash accounts involved.

Consequently, we maintain the following accounting equations:

$$\text{Total Receipts} - \text{Total Expenditures} = \text{Fund Balances} - \text{Beginning Fund Balances}$$
$$\text{Fund Balances} = \text{Total Assets} - \text{Total Liabilities}$$

702. Balance Account Reports

The system will prepare reports that will display balance sheet and account reconciliation data:

- . Fund Balance Report (Figure 7-2) - this report indicates the balance and month and year-to-date transaction totals for each fund.
- . Detail Balance Reports (Figures 7-4 and 7-5) - these reports list each asset or liability balance account with the detail of the total month and year-to-date additions and deductions and are used to assist in reconciling cash, investments, withholding, etc., to any detail subsidiary ledgers that are maintained.
- . Balance Sheet Report (Figure 7-6) - this is the summary report of asset, liability and equity balances.

Figure 7-1

BALANCE AND EQUITY ACCOUNTS

921	General	* Fund Balance (Equity)
922	Food Service	Accounts
923	Trust	
924	Building Rehabilitation	NOTE: Accounts with Asterisks
925	Capital Outlay	must be used in System
926	Building	
927	Debt Service	
928	School Auxiliary	
929	Fully Financed Programs	
930	PERA	
931		
939	(Reserved for other Fund Balance Accounts)	

Asset Balance Accounts

*940	Cash
941	Petty Cash Fund
942	Cash with Fiscal Agent
943	Certificates of Deposit
*945	Investments
947	Current Taxes Receivable
948	Delinquent Taxes Receivable
950	Accounts Receivable
952	Due from Other Governmental Units
955	Inventory
958	Repair Expenses
961	Land
962	Equipment
963	Buildings

Liability Balance Accounts

*970	Encumbered Reserve
971	Account Payable
973	Interest Payable
974	Salaries & Wages Payable
976	Due Other School Districts
978	Special Assessments Payable
979	Due Other Governmental Units
981	Bonds Payable

Clearing Accounts

*990	
998	
990	Federal Withholding Collected
991	State Withholding Collected
992	Retirement "Employee Contribution" Collected
993	United Fund
994	Credit Union

Figure 7-2

MASTER FILE

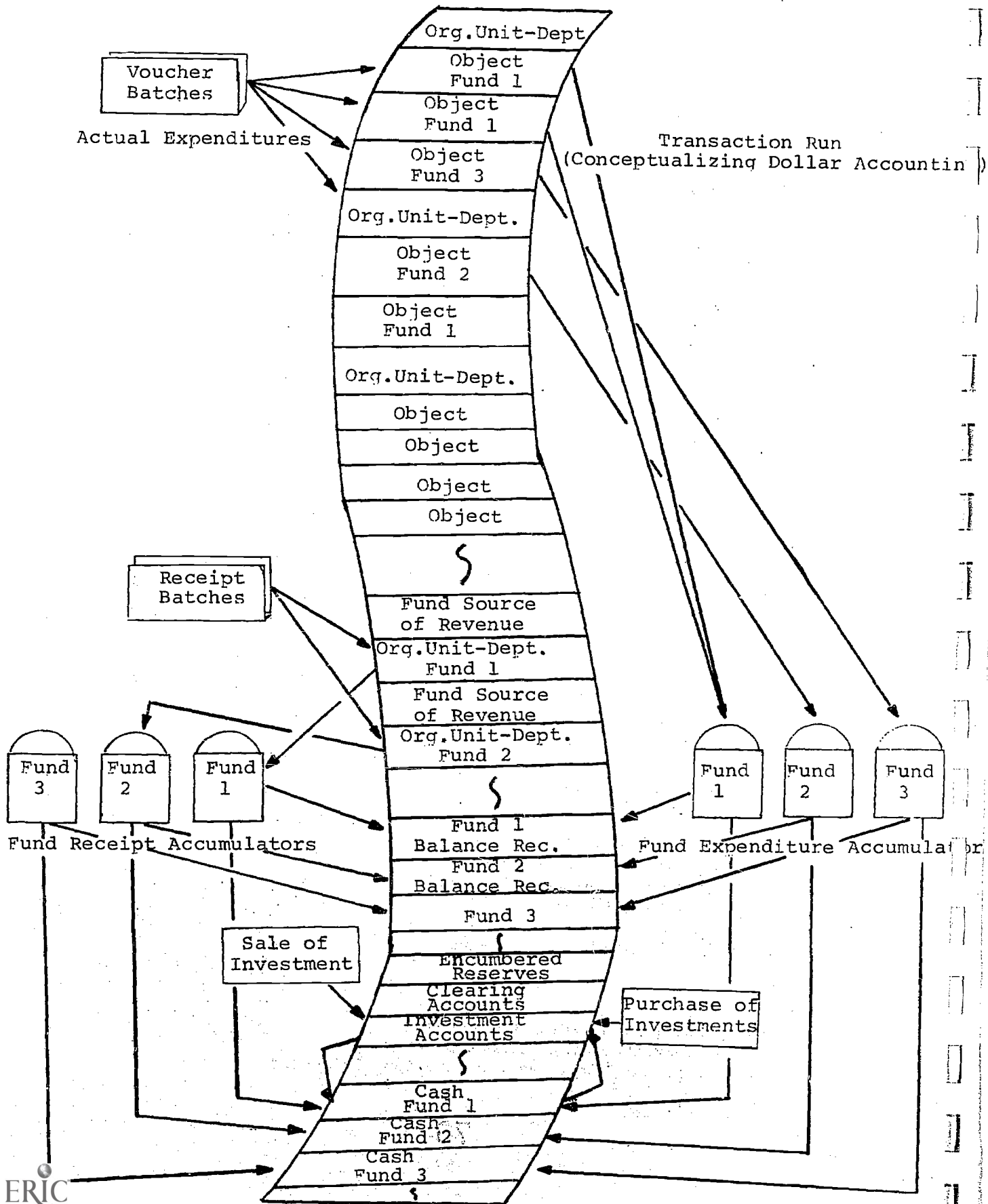


Figure 7-3

FUND BALANCE REPORT

Month of _____ 19__

	M.T.D.	Y.T.D.
General Fund		
July 1 Balance		XXXX
This Month's Receipts	XXXX	
Total Receipts		XXXX
This Month's Expenditures	XXXX	
Total Expenditures		XXXX
New Balance		XXXX
Food Service		
Etc.		
TOTAL ALL FUNDS		XXXXX

Figure 7-4

DETAIL ASSET BALANCE REPORT

For Month Ending _____ 19__

	M.T.D	Y.T.D.
Cash General Fund		
Beginning Balance July 1		XXXX
Receipts	XXXX	XXXX
Expenditures	XXXX	XXXX
Balance		XXXX
Cash Food Service Fund		
Beginning Balance July 1		XXXX
Receipts	XXXX	XXXX
Expenditures	XXXX	XXXX
Balance		XXXX
Investments		
Beginning Balance July 1		XXXX
Investments Purchased	XXXX	XXXX
Investments Sold	XXXX	XXXX
Balance		XXXX
TOTAL ASSET BALANCES		XXXXXXXX

Figure 7-5

DETAIL LIABILITY BALANCE REPORT

For Month Ending _____ 19__

	M.T.D.	Y.T.D.
Encumbered Reserve General Fund		
July 1 Balance		XXXX
Additions		
Deductions	XXXX	XXXX
Balance		XXXX
Federal Withholding Tax Collected		
July 1 Balance		XXXX
Receipts	XXXX	XXXX
Expenditures	XXXX	XXXX
Balance		XXXXX
State Withholding		
Etc.		
TOTAL LIABILITY BALANCES		XXXXX

Figure 7-6

BALANCE SHEET

For Month Ending _____ 19__

<u>Assets</u>	Balance
Cash	xxxxxx
Investments	xxxxxx
Total Assets	xxxxxxx
<u>Liabilities</u>	
Encumbered Reserves	xxxxxx
Clearing Accounts	xxxxxx
Total Liabilities	xxxxxxx
<u>Equity</u>	
Fund Balance	xxxxxxxxx

800. SYSTEMS OPERATIONS

In order to understand how the system can be best utilized, it is important to know, in general, how the mechanics of the system function and what information is retrieved from each file (Figure 8-1).

The various files involved in the system are:

- . Master File - contains expenditure, revenue and balance accounts; budgeted data and transaction accumulations.
- . Outstanding Purchase Order File - contains all information pertinent to the outstanding purchase orders.
- . Vendor File - contains, by vendor number, the name and address of each vendor that a check would be written to.
- . Activity File - contains all transactions to which an activity code is affixed. This file will report, as requested, the special data that has been accumulated which is not normal output from the system.

In addition to these files, the system is designed to allow an inventory file to be added in the future.

801. Daily Processing

The term "daily", as applied to this system, merely implies the day-to-day operations of the district. The actual inputting to the system will depend upon the volume of data and the data preparation schedules that are established.

All input to this system will be coded on mark-sense cards and grouped by transaction type in batches of not more than 50 transactions. Each batch will have a "header" card preceding it which will contain certain information relative to all the transactions within a batch such as:

- . Type of transaction
- . District number
- . Batch number
- . Control total
- . In the case of vouchers, starting check number

The processing center will hold all the transactions until the district inputs a special card which indicates to the system that processing may begin.

801.1 Editing Procedure.

The following editing criteria will be used:

- . Is the expenditure, revenue or balance account number a valid number?
- . Do the accumulated amounts in a batch equal the control amount in the header cards?
- . Are all numeric fields numeric?

- . Do all expenditure batch items have numbers that fall within the expenditure range? Same criteria for revenue and balance account batches?
- . Are all required fields filled?
- . Are the codes valid?

During the edit procedure, each item is given a sequence number. Consequently, when an item has been inputted wrong, the district will be notified by the control area at the computer center. The district will then call up those items in error through a terminal at the district office and make the proper corrections. When all the corrections have been made, the district will notify the center and the data will be re-edited.

The system keeps track of each batch that has been inputted. When all the batches are correct, the "daily" processing will be performed to update the files. As each transaction is processed, it will be printed on a journal which will be the "hard-copy" audit trail for the system. Any additional errors that could not be detected during the edit routine will be noted on the journal. It is the responsibility of the districts to peruse the journal for these errors and make the appropriate corrections.

802. Monthly Update

Once a month, it will be necessary to purge information from the files and produce selected reports. All month-to-date data fields must be reported and cleared to zero on the master file. The open purchase order file must be purged of all purchase orders for which final payment has been made and the date of last payment is at least 60 days old. A report of outstanding purchase orders will be produced. All voucher transactions for the month must be extracted from the transactions tapes, sorted by organizational unit - department and reported.

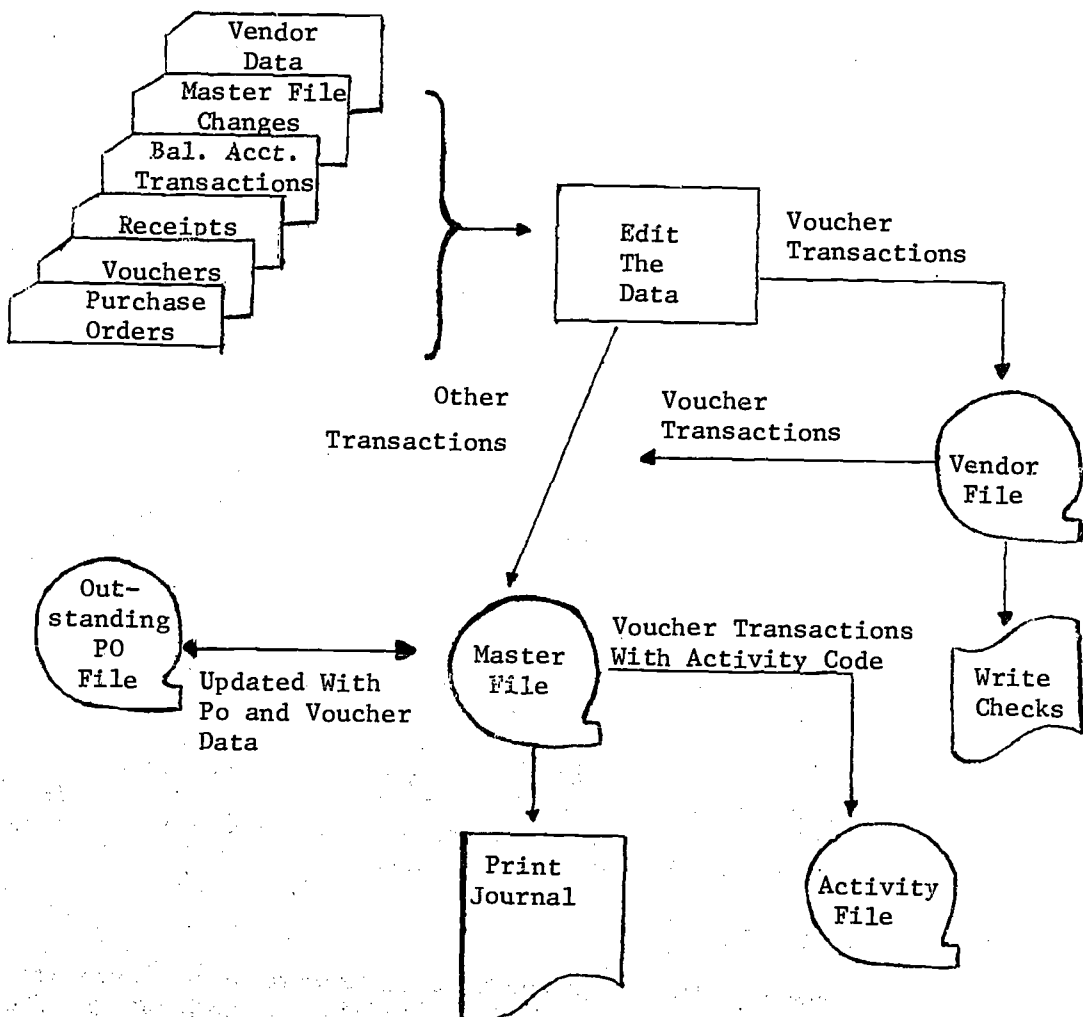
803. Annual Update

This program, which must be run at the end of the fiscal year, is a reporting and file purge process. All the budget and expenditure information in the "present year" field must be moved to the "past fiscal year" on the master file. The budget data for the new year must be moved from the "next fiscal year" into the present fiscal year and the budget data from the "second fiscal year" must be moved into the "next fiscal year" area. All year-to-date data fields must be reported and cleared to zero. Amounts which are still encumbered for the current year must be added to the encumbered reserve. The receipt records are handled in a similar manner as expenditure records. All balance account records have their year-to-date additions and deductions balances reported and then cleared to zero. The present balances are moved to the beginning balance field.

The annual update process will also allow externally selected records to be purged from the activity file.

"DAILY" TRANSACTION RUN

Figure 8-1



900. INPUT PROCEDURES

As indicated earlier, information will be inputted into the system through the use of mark-sense cards and transmitted to the computer center in batches consisting of a maximum of 50 transaction cards plus a batch header card and a pre-printed trailer card. Only similar type transactions will be allowed in any one batch. There is no limit to the number of batches that may be entered into the system.

An attempt has been made to standardize the card formats of the various types of transaction inputs. This will assist in the reduction of errors during conversion from hard copy to EDP format.

901. Batch Header Cards

A description of a batch header card is shown in figure 9-1. The header card is to identify the type of transactions within a batch (batch type), the district inputting the data and control information.

The batch header card will precede each batch of transactions. A distinctive batch number will be assigned to each batch by the district and will be used as part of the audit trail to identify a specific transaction.

Batches that involve "dollar entries" will be controlled by running an adding machine tape total and putting that total into the "dollar control field". It should be noted that all numeric input is right justified. This means that in the case of the dollar control field, the "cents" will be in columns 34 and 35. The decimal point is assumed. Therefore, all the digits of a number are entered in consecutive columns.

Batches that are not dollar transactions, such as master file entries, are controlled by adding the number of cards in a batch and inserting that number in the "card count" field.

For voucher batches, checks can be prepared on the computer. When this is done, the district maintains control of the check numbers that are issued and will indicate the starting check number for each batch in columns 36-39 of the batch header card.

902. Batch Types

As indicated on the batch header card (Figure 9-1), there are ten types of batches. The following will be a detailed explanation of each type.

902.1 New Districts.

This is batch type 01. This transaction consists of only the batch header card. It will indicate to the system that a new district is starting. The system will then establish space for the new district.

Figure 9-1

BATCH HEADER

<u>Field No.</u>	<u>Card Col.</u>	<u>Description</u>	<u>Action</u>
1	1	Identification	None
2	2	Send Mode	Check C for Cards
3	3	Mode Check	None
4	4-5	Station	A standard number will be assigned to your sending device
5	6-9	Transaction Code	
6	10-13	District	Your District Number (right justified)
7	14-16	Blank	
8	17-18	Batch Type	01 = New District 02 = Master File Entries 10 = Vendor File Entries 20 = Receipts 30 = Purchase Orders 40 = Vouchers 50 = Balance Adjustments 60 = Warehouse Requisitions 70 = Posting Adjustments 80 = Budget Adjustments
9	19-22	Batch Number	Assigned to each batch by District
10	23-25	Card Count	For non-dollar batches
11	26-35	Dollar Control Total	For dollar batches
12	36-39	Starting Check No.	For voucher batches

902.2 Master File Entries.

These entries are used at the time the initial file is built to establish all the budgeted items on the system. These transactions are also used to maintain the file. Master file entries may be used to add or delete an entire record and add, subtract or replace selected fields within existing records. Figures 9-2 through 9-9 contain descriptions of the various formats and record types.

Record types 01 and 02 are inputted as per Figures 9-2 and 9-3. This is the master expenditure record that contains the data for each organizational unit - department - source. Essentially, this sets up each budgeted department.

The action code tells the system what to do with this master file entry. In addition to allowing you to set up a new record on the file, you can delete a record or add, subtract or replace any specified field within a record.

The remaining fields carry the information needed in the master record.

Record types 03 and 04 contain the data in the expenditure trailer records. These are the budgeted object categories within each organizational unit - department - source.

For example, if we were to look at our Expenditure Chart of Accounts (Figure 4-1) and wanted to set up a budget for the math department at the high school, we would prepare a master file entry to set up the department. This would be done through the use of record types 01 and 02 which would establish this expenditure master as follows:

<u>Card 1</u>		<u>Input</u>
Card Columns 1-3	Central High School	210
4-6	Math Department	110
7-9	Normal District Funds	000
10-12	Insert Zeros	000
13-14	Record Type	000
15	New Record	01
16-50	Insert Actual Data	1
<u>Card 2</u>		
Card Columns 1-3	Central High School	210
4-6	Math Department	110
7-9	Normal District Funds	000
10-12	Insert Zeros	000
13-14	Record Type	02
15	New Record	1
16-35	Input "Central High School"	
36-55	Input "Mathematics Dept."	
56-75	Blank	

Figure 9-2

MASTER FILE ENTRIES
Expenditure Master-1

<u>Field No.</u>	<u>Card Col.</u>	<u>Description</u>	<u>Action</u>
1	1-3	Organizational Unit	From Chart of Accounts
2	4-6	Department	From Chart of Accounts
3	7-9	Source	From Chart of Accounts
4	10-12	Object	Insert 000
5	13-14	Record Type	01
6	15	Action Code	1 = New Record 2 = Delete Record 3 = Add to Item(s) 4 = Subtract from Item(s) 5 = Replace Item(s)
7	16-25	Last Year Actual Expenditures	Numeric
8	26-35	This Year Budget Amount	Numeric
9	36-40	Last Year Number of Students	Numeric
10	41-45	This Year Number of Students	Numeric
11	46-50	Next Year Number of Students	Numeric

Figure 9-3

MASTER FILE ENTRIES
Expenditure Master-2

<u>Field No.</u>	<u>Card Col.</u>	<u>Description</u>	<u>Action</u>
1	1-3	Organizational Unit	From Expenditures Chart of Accounts
2	4-6	Department	From Expenditures Chart of Accounts
3	7-9	Source	From Expenditures Chart of Accounts
4	10-12	Object	Insert 000
5	13-14	Record Type	02
6	15	Action Code	1 = New Record 2 = Delete Record 3 = Add to Item(s) 4 = Subtract from Item(s) 5 = Replace Item(s)
7	16-35	Organizational Unit Description	Alphanumeric
8	36-55	Department Descrip- tion	Alphanumeric
9	56-75	Source Description	Alphanumeric

Figure 9-4

MASTER FILE ENTRIES
Expenditure Trailer-1

<u>Field No.</u>	<u>Card Col.</u>	<u>Description</u>	<u>Action</u>
1	1-3	Organizational Unit	From Expenditures Chart of Accounts
2	4-6	Department	From Expenditures Chart of Accounts
3	7-9	Source	From Expenditures Chart of Accounts
4	10-12	Object	From Expenditures Chart of Accounts
5	13-14	Record Type	03
6	15	Action Code	1 = New Record 2 = Delete Record 3 = Add to Item(s) 4 = Subtract from Item(s) 5 = Replace Item(s)
7	16-25	Last Year Actual Expenditures	Numeric
8	26-35	This Year Budget	Numeric
9	36-45	Next Year Budget	Numeric
10	46-55	Second Year Budget	Numeric
11	56-63	State Report Numer	Numeric
12	64-66	Fund Balance Account Number	920-939
13	67-70	Area of Responsibility	Numeric

Figure 9-5

MASTER FILE ENTRIES
Expenditure Trailer-2

<u>Field No.</u>	<u>Card Col.</u>	<u>Description</u>	<u>Action</u>
1	1-3	Organizational Unit	From Expenditures Chart of Accounts
2	4-6	Department	From Expenditures Chart of Accounts
3	7-9	Source	From Expenditures Chart of Accounts
4	10-12	Object	From Expenditures Chart of Accounts
5	13-14	Record Type	04
6	15	Action Code	1 = New Record 2 = Delete Record 3 = Add to Item(s) 4 = Subtract from Item(s) 5 = Replace Item(s)
7	16-35	Object Description	Alphanumeric
8	36-55	Area of Responsibility Description	Alphanumeric

We would then set up the object categories within this department. As per master file entries record types 03 and 04 textbooks object category would be set up as follows:

<u>Card 1</u>		<u>Input</u>
Card Columns 1-3	Central High School	210
4-6	Math Department	110
7-9	Normal District Funds	000
10-12	Textbooks & Repair	300
13-14	Record Type	03
15	New Record	1
16-55	Insert Actual and Budget Dollars as Indicated	
56-63	Input Corresponding State Report Number for This Object category	
64-66	General Fund Balance Account	921
67-70	Classroom Teaching	1111

<u>Card 2</u>		
Card Columns 1-3	Central High School	210
4-6	Math Department	110
7-9	Normal District Funds	000
10-12	Textbooks & Repair	300
13-14	Record Type	04
15	Action Code	1
16-35	Insert "Textbooks & Repair"	
36-55	Insert "Classroom Teaching"	

Figures 9-6 and 9-8 indicate the required data for receipts master file entries. As with expenditures we maintain a master and trailer record. The master record contains the fund. Consequently, the master record code for the General Fund would be 901-000-000-000.

The trailer records contain the budgeted source - organizational unit - department within each fund as explained in the receipt section of this manual.

The master file entries for balance accounts is record type 08 and is depicted in Figure 9-9. The Balance Chart of Accounts (Figure 7-1) consists of three digits. The applicable number is inserted in columns 1-3.

Columns 4-12 are zeros, except for certain special accounts. For cash and encumbered reserves, columns 4-6 are used to indicate the corresponding fund that each account is associated with as indicated in Section 700. For inventory accounts, columns 4-6 are used to indicate the type of inventory (i.e., General Supplies, Maintenance, Equipment, etc.). Columns 7-12 are always zeros except in the case of inventory accounts where the corresponding cash fund account is indicated.

Figure 9-6

MASTER FILE ENTRIES
Receipt Master

<u>Field No.</u>	<u>Card Col.</u>	<u>Description</u>	<u>Action</u>
1	1-3	Fund	From Receipts Chart of Accounts
2	4-6	Source	Insert 000
3	7-9	Organizational Unit	Insert 000
4	10-12	Department	Insert 000
5	13-14	Record Type	05
6	15	Action Code	1 = New Record 2 = Delete Record 3 = Add to Item(s) 4 = Subtract from Item(s) 5 = Replace Item(s)
7	16-25	Last Year Actual Receipts	Numeric
8	26-35	This Year Antici- pated Receipts	Numeric
9	36-55	Fund Description	Alphanumeric

Figure 9-7

MASTER FILE ENTRIES
Receipt Trailer-1

<u>Field No.</u>	<u>Card Col.</u>	<u>Description</u>	<u>Action</u>
1	1-3	Fund	From Receipts Chart of Accounts
2	4-6	Source	From Receipts Chart of Accounts
3	7-9	Organizational Unit	From Receipts Chart of Accounts
4	10-12	Department	From Receipts Chart of Accounts
5	13-14	Record Type	06
6	15	Action Code	1 = New Record 2 = Delete Record 3 = Add to Item(s) 4 = Subtract from Item(s) 5 = Replace Item(s)
7	16-25	Last Year Actual Receipts	Numeric
8	26-35	This Year Anticipated Receipts	Numeric
9	36-45	Next Year Anticipated Receipts	Numeric
10	46-55	Second Year Anticipated Receipts	Numeric
11	56-63	State Report Number	Numeric
12	64-66	Fund Balance Account Number	920-939

Figure 9-8

MASTER FILE ENTRIES
Receipt Trailer-2

<u>Field No.</u>	<u>Card Col.</u>	<u>Description</u>	<u>Action</u>
1	1-3	Fund	See Receipts Chart of Accounts
2	4-6	Source	See Receipts Chart of Accounts
3	7-9	Organizational Unit	See Receipts Chart of Accounts
4	10-12	Department	See Receipts Chart of Accounts
5	13-14	Record Type	07
6	15	Action Code	1 = New Record 2 = Delete Record 3 = Add to Item(s) 4 = Subtract From Item(s) 5 = Replace Item(s)
7	16-35	Organizational Unit Description	Alphanumeric
8	36-55	Department Description	Alphanumeric
9	56-75	Source Description	Alphanumeric

Figure 9-9

MASTER FILE ENTRIES
Balance Accounts

<u>Field No.</u>	<u>Card Col.</u>	<u>Description</u>	<u>Action</u>
1	1-3	Balance Account Number	From Balance Account Chart of Accounts
2	4-6	Fund or Contingent Number	See Manual
3	7-12	Cash-Fund Number	See Manual
4	13-14	Record Type	08
5	15	Action Code	1 = New Record 2 = Delete Record 3 = Add to Item(s) 4 = Subtract From Item(s) 5 = Replace Item(s)
6	16-25	Beginning Balance	Numeric
7	26-45	Fund Description	Alphanumeric

Any fields not specified will be cleared to zeros or blanks as applicable. If an entire record is to be deleted, only the record identifier, record type and delete code need be entered. If a quantity is to be added to a particular field in an existing record, only the amount to be added need be placed in the proper field on the card. The other "non-required" fields may be left blank. More than one field may be changed with a single input card providing the action to be performed is the same. Fields which are to be replaced by blanks should contain the word BLANK left justified in the proper field on the input card.

New records will have their fields edited against parameter values and existing records will be edited against the validity tables. All dollar amount fields will be right justified with two decimal places and an assumed decimal point. Therefore, all amounts must be in dollars and cents. All other numeric fields are to be right justified and alphanumeric fields are left justified.

902.3 Vendor File Entries.

This file is required for those districts desiring to prepare checks from the computer. These entries are used to initially build and to maintain a vendor file. The vendor number is assigned by the district. There are two input record types or formats (Figures 9-10 and 9-11) required to develop a single record in the file. The delete record action code will be used to periodically clean up the file of one-time vendors and others that are no longer used. For deleting record, the only input fields necessary in addition to the delete action code are the vendor number and record type 1. The replace action is the same as that described for master file entries.

902.4 Receipts.

Income received by the school district is recorded through receipt transactions (Figure 9-12). The master file receipts record to be updated is specified by the fund, source, organizational unit and department. The amount field is inputted as dollars and cents with an assumed decimal point. This is added to the month-to-date and year-to-date record items and to the proper fund balance record. If an accrued account number is not entered on the input card, the amount is also added to the proper cash-fund account record. The accrued account field is filled in when revenue is recorded before actual cash is received (i.e., taxes receivable). In this event, the indicated asset account is updated in lieu of the cash-fund record. A reverse action code is to be used in case erroneous information is entered into the system.

902.5 Purchase Order Entries.

This transaction indicates to the system that a purchase order has been sent to a specific vendor. Each transaction is only that portion of the purchase order that affects one budgeted item. Consequently, a purchase order that affects three budget items would contain three budgeted line transactions. This input data updates the proper expenditures records

Figure 9-10

VENDOR FILE ENTRIES-1

<u>Field No.</u>	<u>Card Col.</u>	<u>Description</u>	<u>Action</u>
1	1-4	Vendor Number	Numeric
2	5	Record Type	1
3	6	Action Code	1 = New Record 2 = Delete Record 5 = Replace Item(s)
4	7-36	Vendor Name	Alphanumeric
5	37-66	Vendor Street Address	Alphanumeric

Figure 9-11

VENDOR FILE ENTRIES-2

<u>Field No.</u>	<u>Card Col.</u>	<u>Description</u>	<u>Action</u>
1	1-4	Vendor Number	Numeric
2	5	Record Type	2
3	6	Action Code	1 = New Record 5 = Replace Item(s)
4	7-26	City	Alphanumeric
5	27-46	State	Alphabetic
6	47-51	Zip Code	Numeric

Figure 9-12

RECEIPTS

<u>Field No.</u>	<u>Card Col.</u>	<u>Description</u>	<u>Action</u>
1	1-3	Fund	From Receipts Chart of Accounts
2	4-6	Source	From Receipts Chart of Accounts
3	7-9	Organizational Unit	From Receipts Chart of Accounts
4	10-12	Department	From Receipts Chart of Accounts
5	13	Action Code	1 = Normal Action 2 = Reverse Action
6	14-23	Amount For This Line Item	Numeric
7	24-29	Accrued Account Number	See Manual

on the master file by adding to the encumbered dollar amount. The information is also put on the open purchase order file.

Figure 9-13 illustrates the purchase order input transaction. The action code will specify normal or reverse action. The reverse action is provided to eliminate cancelled purchase orders or removal of data applied to the wrong object code category. The amount in dollars and cents with an assumed decimal point along with the purchase order number, vendor number and purchase order date must be submitted on each form.

902.6 Voucher Transaction Entries.

Voucher transactions are inputted into the system by budget line item. In other words, if a payment to one vendor involves several budget items, a transaction must be inputted for each one. The system is designed to prepare a check for each vendor by accumulating all consecutive transactions for the same vendor.

In addition to writing a check and updating the master file expenditure item by the amount inputted, the system will update the open purchase order file, when applicable, and correspondingly reduce the encumbered amount on the master file.

Voucher transactions are depicted in Figure 9-14. A number of options are available through this transaction and are specified by the transaction code and an action code which allows the normal or reverse of each transaction code. For example, a voucher to be processed against a budget line item is classified as either having a purchase order issued or else being a direct purchase by putting either 1 or 2 in column 14. Credit memos against budget line items must be specified as applying against additional purchases or as actual cash refund received by putting either a 3 or 4 in column 14. If the district maintains a central warehouse, payments for items going into the warehouse must be specified by the transaction code which will also indicate if a purchase order was issued or if it is a direct purchase. This is done by putting a 5 or 6 in column 14. Credit memos for central warehouse purchases and returns are also specified as a separate transaction code and indicated as applying against purchase or cash received, by putting a 7 or 8 in column 14.

Normally, vouchers will be paid against expenditure records. However, in the event that a central warehouse is maintained, the payment is made against the particular inventory asset account involved. In this instance, rather than inputting the normal 12 digit organizational unit - department - source - object code, the inventory account numbers are inputted in columns 1 to 12. A purchase order number must be inputted in columns 25-30 if the transaction code specified that a purchase order was issued.

For direct purchases, a memo purchase order number may be inserted if desired. The system will then check the open purchase order file to determine if there is a purchase order recorded. Therefore, if the transaction code indicates that a direct purchase was made, but the P.O. number was found on the open purchase order file, the transaction would be considered invalid.

Figure 9-13

PURCHASE ORDERS

<u>Field No.</u>	<u>Card Col.</u>	<u>Description</u>	<u>Action</u>
1	1-3	Organizational Unit	From Purchase Order
2	4-6	Department	From Purchase Order
3	7-9	Source	From Purchase Order
4	10-12	Object	From Purchase Order
5	13	Action Code	1 = Normal Action 2 = Reverse Action
6	14-23	Amount	Numeric
7	24-29	Purchase Order Number	Numeric
8	30-33	Vendor Number	Numeric
9	34-39	Date (MMDDYY)	Numeric

Figure 9-14

VOUCHERS

<u>Field No.</u>	<u>Card Col.</u>	<u>Description</u>	<u>Action</u>
1	1-3	Organizational Unit	From Expenditures Chart of Accounts
2	4-6	Department	From Expenditures Chart of Accounts
3	7-9	Source	From Expenditures Chart of Accounts
4	10-12	Object	From Expenditures Chart of Accounts
5	13	Action Code	1 = Normal 2 = Reverse
6	14	Transaction Codes	1 = Purchase Order Issued 2 = Direct Purchase 3 = Credit Memo Applied Against Purchases 4 = Credit Memo Cash Received 5 = Central Warehouse, Purchase Order Issued 6 = Central Warehouse, Direct Purchase 7 = Central Warehouse, Credit Memo Applied Against Purchases 8 = Central Warehouse, Credit Memo Cash Received
7	15-24	Amount	Numeric
8	25-30	Purchase Order Number	Numeric or Blank
9	31-34	Vendor Number	Numeric
10	35-40	Invoice or Voucher Number	Numeric

(continued next page)

<u>Field No.</u>	<u>Card Col.</u>	<u>Description</u>	<u>Action</u>
11	41-46	Accrued Account Number	Numeric or Blank
12	47-49	Activity Code	Numeric or Blank
13	50	Partial Payment Code	1 = Final Payment 2 = Partial Payment
14	51	Previous Year Code	1 or Blank = This Year 2 = Previous Year

The converse is also true. If the transaction code indicates that a purchase order was issued, the P.O. number inputted must be found on the open purchase order file to make a valid transaction.

If the district requests that checks be written, an invoice number may be specified on the input form. A check number must be specified in lieu of the invoice number if the district writes their own checks.

If an expenditure transaction against a budget line item does not deduct from cash but is instead accrued to some liability account (i.e., interest payable), the system will add to the expenditure, reduce the fund balance and add to the liability account indicated in the accrued account field. On a normal cash transaction, this field is left blank.

An activity code may be specified for those transactions which require accumulation of additional special data. If an activity code is specified, an entry of the voucher information will be made in the activity file (see 401.2).

In order to properly update the open purchase order file and the encumbered amounts, the system must know if a payment is a partial payment or if it is a full or final payment. If it is a partial payment, the open purchase order and encumbered amount is updated by the inputted dollars and this amount is added to the expended dollars. If this is a full or final payment, however, the open purchase order balance is reduced to zero and a variance is calculated from the original amount inputted. The encumbrance is reduced by whatever the balance was on the open purchase order file because this was the original encumbered balance. The expended dollars are updated by the amount indicated on the transaction.

The system must be informed if a payment is being made against a previous years encumbrance so that the proper fields may be posted. If a previous years encumbrance is being paid, the cash and encumbered reserve accounts are reduced and this year's budget balance is not affected. This field should be left blank for central warehouse purchases since an "on order" amount instead of an encumbrance is involved.

902.7 Balance Account Entries.

Certain transactions do not affect either expenditure or revenue accounts. They reflect the need to move dollars from one balance account to another. Each input card allows one set of off-setting entries. Consequently, if more than two accounts are affected, additional sets of entries must be made. A description of the input card is shown in Figure 9-15. Each balance sheet "account-fund" number has an action code of 1 = plus or 2 = minus associated with it. The system will edit for proper signs according to the following rules:

- a. If both balance accounts are "like accounts" such as two asset accounts (940-969), they must have opposite signs. This is true of two liability accounts (970-999) or two equity accounts (920-939).

Figure 9-15

BALANCE ACCOUNT

<u>Field No.</u>	<u>Card Col.</u>	<u>Description</u>	<u>Action</u>
1	1-3	Balance Account Number	From Chart of Accounts
2	4-6	Fund or Object Code	From Chart of Accounts
3	7	Action Code	1 = Plus (+) 2 = Minus (-)
4	8-10	Balance Account Number	From Chart of Accounts
5	11-13	Fund or Object Code	From Chart of Accounts
6	14	Action Code	1 = Plus (+) 2 = Minus (-)
7	15-24	Amount	Numeric
8	25-28	Vendor Number	Numeric or Blank

- b. If an asset and a liability are being posted, they must have like signs.

The amount field is entered as dollars and cents with an assumed decimal point. If it is necessary for the system to generate a check on this transaction, i.e., the payment of accrued insurance to a vendor, the vendor number must be supplied on the input card.

The system will look for the same vendor number on consecutive entries, as is done with voucher entries, accumulate the amounts and stub information and write one check.

902.8 Central Warehouse Requisitions.

This transaction is used to account for the transfer of supplies and materials from the central warehouse to the various budgeted object code categories. The organization unit - department - source - object code identified the expenditure record to be charged for the amount shown on the input card. The amount will also be subtracted from the proper fund balance. The central warehouse account number described on the input card will be credited with the input amount to account for the disbursement. A reverse action code is available. A description of the input card is shown in Figure 9-16.

902.9 Posting Adjustments.

A description of this transaction input form is shown in Figure 9-17. This transaction has been provided to allow correction of expenditure records updated by the inputting of a voucher transaction with the wrong account number. Two separate types of adjustments are available using this input format. The types are specified in the action code. The action code is "1", if an object category adjustment is required. In this case, the other input fields required are the erroneous and correct expenditure record identifiers, and the amount of adjustment placed in the "amount number one" field. As a result of this transaction, the erroneous expenditure totals, fund balance, and cash-fund will be corrected. The amount will then be charged to the correct expenditure record, fund balance and cash-fund.

If it is necessary in addition to the object category adjustment to correct a set of purchase order and encumbrance totals, a second input form is needed specifying an action code "2". All input fields must be specified for this transaction. As a result of this action, "amount number one" will be added to the encumbrance of the erroneous expenditure record and the balance amount on the erroneous purchase order record. "Amount number two" will be subtracted from the encumbrance of the correct expenditure record and the balance amount on the correct purchase order record. If the final payment indicator was set on the erroneous purchase order record, it will be transferred to the correct purchase order record.

902.10 Budget Adjustments.

This transaction (Figure 9-18) is provided to simplify the development and adjustment of budget amounts within the expenditure records. The

Figure 9-16

CENTRAL WAREHOUSE REQUISITIONS

<u>Field No.</u>	<u>Card Col.</u>	<u>Description</u>	<u>Action</u>
1	1-3	Organizational Unit	From Chart of Accounts
2	4-6	Department	From Chart of Accounts
3	7-9	Source	From Chart of Accounts
4	10-12	Object	From Chart of Accounts
5	13	Action Code	1 = Normal 2 = Reverse
6	14-23	Amount	Numeric
7	24-29	Central Warehouse Account Number	From Chart of Accounts

Figure 9-17

POSTING ADJUSTMENTS

<u>Field No.</u>	<u>Card Col.</u>	<u>Description</u>	<u>Action</u>
1	1-3	Erroneous Organizational Unit	From Journal Printout
2	4-6	Erroneous Department	From Journal Printout
3	7-9	Erroneous Source	From Journal Printout
4	10-12	Erroneous Object	From Journal Printout
5	13	Action Code	1 = Object Category Adjustment 2 = Purchase Order & Encumbrance Adjustment
6	14-16	Correct Organizational Unit	From Chart of Accounts
7	17-19	Correct Department	From Chart of Accounts
8	20-22	Correct Source	From Chart of Accounts
9	23-25	Correct Object	From Chart of Accounts
10	26-35	Amount #1	Numeric
11	36-45	Amount #2	Numeric or Blank
12	46-51	Erroneous Purchase	Numeric
13	52-57	Correct Purchase Order Number	Numeric

Figure 9-18

BUDGET ADJUSTMENTS

<u>Field No.</u>	<u>Card Col.</u>	<u>Description</u>	<u>Action</u>
1	1-3	Object Code	Numeric
2	4	Action Code	1 = Plus (+) 2 = Minus (-)
3	5-8	This Year Percentage	Numeric
4	9-12	Next Year Percentage	Numeric
5	13-16	Second Year Percentage	Numeric

user, through this transaction, has the ability to change the budget amounts for the various year's budgets by stating a percentage, an action code of plus or minus and the object code category to be adjusted.

All expenditure records with the three-digit object code specified will be adjusted according to the following rules:

- a. If a percentage is inserted in the field for "this year's budget", the current year budget data item will have the percentage applied to itself and then added or subtracted from itself based on the action code.
- b. If a percentage is inserted in the field for "next year's budget", that data item will have the percentage applied to itself and the action code applied to produce a new next year's budget data item.
- c. If a percentage is inserted in the field for the "second-year budget", the "next-year budget" data item will have the percentage applied and that result plus the amount of the next-year budget data items will be added to the second-year budget data item.

All percentages will be stated as two decimal places with an assumed decimal point. Input fields not utilized should be left blank.

902.11 Trailer Cards.

Each batch must have a trailer card as the last card to indicate to the transmitting unit that this is the end of the batch. No coding is required on this card by the district.

903. Control Procedures

It is imperative that the participating districts establish input control books which will allow them to ascertain when all the work has been completed. Separate controls should be kept for each type of entry (Figure 9-19). In addition, a master control form should be maintained by "transmission day" for audit trail purposes (Figure 9-20).

The computer journal will accumulate grand totals for each batch type. These are matched against the control totals on the master batch listing form. If they agree, no further checks are required. If there is a difference, the detail must be checked to determine which batch must be reconciled.

Figure 9-19

EXPENDITURE BATCH CONTROL

<u>Date Sent</u>	<u>Batch Number</u>	<u>Batch Total</u>	<u>Initial</u>	<u>Sequence Number of Resubmitted Items</u>
7/14/69	142	3,721.98		
	143	5,278.22		
	144	3,472.01		

Figure 9-20

MASTER BATCH LISTING

<u>Date Sent</u>	<u>Batch Type</u>	<u>Batch Numbers</u> <u>From</u> <u>To</u>	<u>Batch Totals</u>	<u>Journals Checked By</u>
7/14/69	2	142 144	12,472.21	
	3	191 194	18,520.68	
	4	27 27	102,160.00	
	5	18 18	9,221.42	
	6	34 34	12	
	7	40 40	31	

APPENDIX B

MIDWESTERN STATES EDUCATIONAL INFORMATION PROJECT
P.L. 89-10, Title V, Section 505

MANUAL FOR
PROGRAM-ORIENTED BUDGETING AND ACCOUNTING

Administered By
State of Iowa

DEPARTMENT OF PUBLIC INSTRUCTION
Paul F. Johnston, Superintendent
Sam W. Bliss, MSEIP Director

MIDWESTERN STATES EDUCATIONAL INFORMATION PROJECT

MANUAL FOR

PROGRAM-ORIENTED BUDGETING AND ACCOUNTING

MSEIP Finance Subsystem

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CHAPTER A

MANAGEMENT APPROACH TO BUDGETING

PART 1 - Purposes and Aims

On December 13, 1966, the finance subsystem committee of the Midwestern States Educational Information Project adopted the following statement as part of its position paper:

The finances subsystem committee believes that program accounting principles should be included in the framework of educational specifications developed for the finances subsystem.

The primary objective of any system of program accounting and budgeting is to provide information for school officials to use in arriving at decisions about the educational program.

The position paper included many reasons for moving to program-oriented accounting, such as the following:

Program-oriented accounting provides the capability of generating information which will assist school administrators in making choices related to optimum allocation of resources among alternative programs or educational needs, based on an evaluation of effectiveness of individual programs.

Program-oriented budgeting and accounting describes desired accomplishments, rather than merely listing the objects of expenditure.

Program-oriented budgeting and accounting develops a cost-quality awareness among school administrators, school boards, and lay citizens.

Program-oriented budgeting and accounting will enable fiscal administrators to group all operational units or programs together for individual or collective analysis according to comparative standards defined by the professional educators.

Program-oriented budgeting and accounting will provide for more uniform and accurate comparisons, among the various educational agencies, of effectiveness of both fiscal and educational programs.

Program-oriented budgeting and accounting procedures will provide the type and degree of data specifically needed for intelligent predictions of future fiscal and educational programs through the budget preparation.

Program-oriented budgeting and accounting will help establish fiscal responsibility and accountability, thereby safeguarding the stewardship of public funds.

Much is being said about program and performance budgeting and accounting at all levels of government and other public organizations. There is considerable interest among school administrators regarding this movement, and they are asking how such a system can help them in planning a better educational program.

The finance subsystem has strived to develop a flexible budgeting and accounting system that will provide school administrators with the tools for effective management and also facilitate reporting of financial data to state and national offices of education.

The system herein described has characteristics of both traditional and program budgeting, and accounting procedures. It is intended that the system will meet the needs of traditional reports based on objects and functions as well as provide for the above described advantages of budgeting and accounting procedures which are based on programs.

Part 2 - Development of the Management Approach to Budgeting

In public education - as well as in many other governmental agencies - budgeting is conceived largely in financial terms. In most school districts' budgets, emphasis is placed mainly on the observance of appropriation limits. The traditional system of budgeting does not provide information on what the school district is actually doing and what it gets for the money spent.

It may be possible to compile such information from departmental records and detail documents, but this is time consuming, and the results are often inaccurate since this information cannot be directly linked with the financial data that appear in a budget or in the accounts.

A school district's budget may indicate that it is requesting a certain amount of money for teachers' salaries, instructional supplies, etc., but further information is not usually available in the budget as to how much money is allocated to each of the subject areas, or what instructional programs are being supported.

A system of program-oriented budgeting and accounting for school district expenditures as discussed in this manual is developed in response to the need for correcting this situation. It is designed to highlight management considerations in budgeting and, in so doing, to bring out not only the economic and financial aspects of the budget but also the educational objectives of the policy makers.

The purpose of doing something and the cost of doing it are the twin considerations which are indispensable to the most effective system of management. Financial resources for schools are limited, and the need to economize the resources and get the most out of public expenditures is most important.

The program and performance approach to budgeting is based on the use of three sets of interrelated considerations:

1. The work objectives of the various departments and organizational units of the school district are analyzed and grouped into meaningful categories or programs.
2. The system of accounts and financial management are brought into line with these classifications.
3. A system is established for measuring physical progress and performance of each of the major services and activities of the school district.

An ideal and complete program and performance budget is one that outlines the purposes and objectives for which funds are requested, the costs of the various programs and activities, and the quantitative data that can be used in measuring the accomplishments and work performed under each of the established work areas.

To illustrate some of the work measurement problems that can be tackled with a "complete program budgeting and accounting system," the following are listed:

1. Establish a cost per square foot of janitorial services in comparable attendance centers.
2. Establish a cost for the industrial arts courses in each of the high schools in the district.
3. Determine the cost of teaching remedial reading.
4. Analyze the heating costs for attendance centers using different kinds of fuel.
5. Analyze the actual savings or additional expense to the district as a result of utilizing teacher aids.

While this system of accounting can provide the quantitative data, it cannot be designed to make qualitative comparisons. Qualitative measurements of differences in performance must be determined by management. This manual does not include a system of measuring physical progress and performance which is a study in itself, and is left for further development. The responsibility of the budgetary and financial accounting system is to furnish the financial data for management's use.

The primary purpose of this manual is to develop a coding system and a detailed chart of accounts to be used in both the budget and the financial records.

Chapter B discussed the financial management approach to be used in the accounting system, as well as certain accounting principles.

Chapter C includes the coding system and chart of accounts for expenditures, Chapter D for revenue items, and Chapter E for assets, liabilities, and fund balance.

CHAPTER B

FINANCIAL MANAGEMENT SYSTEM

PART 1 - Accounting Approach

In program-oriented budgeting and accounting, more recognition is given to serving the management needs of the school district than is presently possible with the traditional budgeting and accounting methods.

The financial accounts of the school district are the official source of the financial information used in the budget. These data must be organized in the accounts in a form that will provide the needed information for budgeting purposes and at the same time permit adequate financial control.

The same basic data classifications should be used for the budget detail, for the bookkeeping accounts, and for the reports that are prepared periodically for cost analysis and budget control.

To implement an effective program-oriented budgeting and accounting system a certain amount of system refinement and expansion will be needed in many school districts. Since this will be a major move, careful study and attention should be given to the accounting procedures. It would be a waste of time and funds to implement a detailed system of budget preparation involving all of the personnel of the school district and then depend on an outdated, slow-moving system of accounting to provide the data that is so vital for management decisions.

There are many up-to-date, sophisticated accounting systems in school districts today that are capable of immediate data reporting and are designed to utilize the most efficient accounting theory and practices.

Electronic data processing opens unlimited opportunities for collecting, gathering, sorting, printing and analyzing educational financial data, and is one of the major factors that is bringing program-oriented planning, budgeting, and accounting closer to becoming a reality in more and more schools throughout the country.

PART 2 - Cash, Obligation, or Accrual Basis

Financial accounting in school districts ranges from a relatively simple cash basis of accounting that records cash flow of receipts and disbursements to a refined accrual basis that produces actual expenses and revenue in that period of time in which the revenue is "earned" and the expense is incurred.

Cash Basis - In school districts, financial accounting has been mostly on the cash basis. This system recognizes the availability of resources at the time the cash is received and the use of such resources at the time the disbursement is made.

This system is based on the assumption that the primary concern of the accounting records is to prove that the checks written in each account did not exceed the appropriation for that account.

Obligation Basis - In many school districts an additional step is included resulting from a desire to strengthen control over the use of appropriated funds. This step includes the recording of obligation of funds as well as the actual payments and helps to insure staying within the limits of the appropriations.

In an obligation - or encumbrance system as it is sometimes called - the issuance of a purchase order, for example, obligates funds, and this purchase order is recorded in the financial records. Budget analysis reports include the amount of actual cash disbursement for each expenditure account plus the amount of outstanding obligations against that account. The total of the two is subtracted from the budget appropriation amount, and the difference is the amount of funds remaining to be obligated in the future.

Accrual Basis - More and more school districts are maintaining their financial accounts on an accrual basis. This permits the district to record and report revenue and expenditures in the actual period in which the expenditure was incurred or the revenue was "earned" rather than in the period when the expenditure was obligated or paid, or when the cash was actually received.

There can be several degrees of refinement in an accrual system. The major trend is to prepare all end-of-the-year financial reports on an accrual basis even though the district does not maintain a day-to-day accrual accounting system. By this method, cash and obligations transactions are recorded during the year. At the end of the year adjustments are made to record within the school year all accrued expenditures and revenues.

It is important to point out that program-oriented accounting and budgeting can be installed using any of these approaches as long as the budget and the accounts are maintained as part of an integrated system. Combinations of parts of different systems might be used. General ledger asset and liability accounts may be developed in a cash or an obligation system as well as in a complete accrual system.

The accounts and the coding system presented in this manual can be used with any of the procedures discussed above. However, the list of accounts is prepared on the assumption that a double-entry system utilizing ledger asset and liability accounts will be used.

No attempt is made to go into the details of the accounting equation or to discuss the function of the asset, liability, and fund balance accounts. Principles of Public School Accounting, issued in 1967

by the U.S. Office of Education¹, is an excellent handbook illustrating basic accounting principles as they apply to financial accounting for public schools.

PART 3 - Depreciation and Proration

It is recognized that depreciation plays a part in the analysis of the complete cost of any program. However, it is felt that depreciation should not be included as an expense item in budget preparation or be a part of the financial fund accounts.

If depreciation is needed for a certain cost analysis, detailed depreciation records can be maintained apart from the financial accounts.

If any proration of costs - such as heat, light, etc. - to specific programs is to be considered, this should also be handled in a separate cost analysis report.

In developing the recommended coding system and detail items for program budgeting and accounting, it is the basic aim to charge only direct expenses to the various cost centers. This permits the accounting system to produce "clean" factual data for cost analysis and reporting.

PART 4 - Development of the Detailed Accounts for the System

Machine accounting has made it necessary and desirable to develop specific account titles and assign numeric identifiers to each of these accounts.

In school district budgeting and accounting, major attention is given to the expenditures because these are controllable. Not only are the total expenses controllable, but the emphasis on any of the budget categories can vary depending on the fiscal and educational policies of those who are given the responsibility of making these decisions.

In developing a chart of accounts for the budget and the accounting records, consideration must be given to the revenue, asset, and liability accounts as well as the expenditure accounts. It is not necessary to record as much detail information for the revenue accounts as is recorded for the expenditure accounts. In most school districts, the major portion of the revenue - taxes and state support - are not earmarked for specific subjects or for certain attendance centers. A minimum amount of detail is necessary for asset and liability accounts. The specific details of the transactions are recorded in the revenue

1. Adams, Bert K., Quentin M. Hill, Joseph A. Perkins, Jr., and Phillip S. Shaw. Principles of Public School Accounting. State Educational Records and Report Series: Handbook II-B, National Center for Educational Statistics, U.S. Department of Health, Education, and Welfare, Office of Education. Washington, D.C.: U.S. Government Printing Office, 1967.

and expenditure accounts. However, certain basic identifying codes are needed in all five of the types of accounts; assets, liabilities, fund balance, revenue, and expenditures. A fund designation number is also required in the accounts of most school districts.

In developing a complete chart of accounts, the question comes up as to whether or not an attempt should be made to code the revenue accounts so that there is a relationship between the expenditure for certain "programs" and the amount of revenue that is received for that "program." In this manual, no attempt is made to code all revenues so as to assign them to a given subject area or to a specific area of responsibility. However, school districts may want to code certain revenues, such as receipt of book rental, so they can be identified with a specific organizational unit, or they may wish to identify certain reimbursement revenues with the reimbursable subject area. It is important that the chart of accounts and coding system for revenues take these items into consideration and permit these identifications to be made when they are desirable.

The traditional method of illustrating a chart of accounts is to list all of the possible accounts for each fund and assign code numbers to these accounts. Since the accounting system in this manual is program-oriented, it is not practical to present a chart of expenditure accounts in the traditional manner. Such a chart showing all of the possible accounts for a district could have thousands of accounts for each organizational unit within the district.

The coding system developed in this manual provides for various distributions of expenditures to cost centers to an extent not practical by many bookkeeping methods. Each school district will develop the actual account that it needs, based on its own curriculum, organization, and size, and to provide the details for proper budgeting, reporting, and analysis, using the combinations of items from each of the code sections or dimensions which are appropriate to their programs.

CHAPTER C

EXPENDITURES

PART 1 - Determining the Classifications Needed

The first step in providing a system of financial accounting is to establish budget classifications, since this structure provides the framework for decision-making throughout the budget process.

In education, there are certain logical groupings of work assignments resulting from established objectives. The primary objective is the instruction of students, and a majority of the physical activity and expenditure is directly concerned with this goal. "Instruction" is, therefore, the most important broad grouping of work objectives.

In addition, there are a number of programs or activities that are not directly associated with classroom instruction, but do play a vital role in helping to support the direct instructional program. These include the over-all administrative functions of the district and the acquisition - as well as the operation and maintenance - of the facilities required to carry out the day-to-day classroom activities. Some of the other supporting services include providing food for the students and seeing that they are transported to school.

Still further responsibilities of the school district that affect the budget system, but do not directly concern the instructional program, are the carrying out of certain community services, the retirement of both short and long-term debts, and the payment for services performed by other school districts.

Each of the above broad categories can be broken down into specific work objectives - or areas of responsibility - to further define what is being done.

If these categories are systematically arranged, labeled, defined, and coded, there should be little or no question into which category an expenditure is to be classified.

In addition to the basic grouping of expenditures as outlined above, it is desirable to group expenditures in a number of different ways to properly develop a budget and to report the costs of the school district operation.

For example, it may be best for summary reporting to the public to group the expenditures into the broad categories listed above, such as Instruction, Pupil Transportation, Debt Service, etc. However, for reporting to the school board and various segments of the school administration, it may be desirable to have more detailed expenditure categories, such as the costs of legal services, improvement of curriculum, and instruction, homebound teaching, etc.

Also, detailed listings of the cost of each subject to be taught - as well as the courses under each subject - are required for complete management planning and evaluation.

For certain management judgments, it is also desirable to have an entirely different grouping of expenditures, such as total secretarial and clerical services, repairs, and general administrative services that may be scattered throughout the basic broad functional categories.

Another means of grouping expenditures that should be available is grouping by the objects of expenditure, such as salaries, supplies, equipment, etc. Again, these are scattered throughout the various operational categories.

Since the budget is somewhat based on legislative requirements regarding the fund structure, it is usually necessary to budget and record expenditures by separate legal funds. This is also a grouping of accounts.

A still further grouping of expenditures - and an important one - is by the organizational unit. The administrative head of each organizational unit should be vitally concerned and involved with the development of the budget and be responsible for the economical use of the funds that are allocated for the unit.

All of these groupings of expenditures are needed for various purposes, and it becomes apparent that a financial coding system must be provided so that all of the pertinent information regarding each item of expenditure is properly recorded.

In developing a coding system for expenditures, it was decided that eight code sections are needed to properly organize the various segments and identify the nature of the expenditure. These are as follows:

Code Section A	B	C	D	E	F	G	H
Fund	Type of Account	Organi- zational Unit	Area of Responsi- bility	Subject Area	Course	Activity	Object
XX	X	XXX	XXX	XX	XXX	XX	XX

PART 2 - Explanation of Code Sections

CODE SECTION A - FUND

School districts are acquainted with the practice of using, in the financial accounting system, a number or letter to designate the fund from which an expenditure is budgeted or paid. Since the fund structure varies from state to state, no attempt is made to assign code numbers to each of the funds that might be established. Each state educational agency should assign numbers to the funds that are used by its districts.

For illustrative purposes, it is suggested that "10" be used for the General Fund and "20" for the Building Fund.

Two digits in the coding system are allocated for the fund designation.

CODE SECTION B - TYPE OF ACCOUNT

There are five types of accounts: asset, liability, fund balance, revenue, and expenditure. In each transaction, one or more types of accounts are affected. In a cash transaction, an asset (cash) and either a revenue or expenditure account is affected. In a non-cash transaction, one or more of the five types of accounts are affected. In a cash transaction, the one digit indicates whether a revenue or expenditure account is affected, and in a non-cash transaction, the one digit indicates the asset, liability, fund balance, revenue, or expenditure account types affected.

The codes for this manual are based on a double-entry system of accounting utilizing asset, liability, fund balance, revenue, and expenditure accounts. This is further discussed in Chapter B.

A. FUND

10 General Fund
20 Building Fund
XX (As Needed)
XX

B. TYPE OF ACCOUNT AFFECTED

1. Asset
2. Liability
3. Fund Balance
4. Revenue
5. Expenditure

CODE SECTION C - ORGANIZATIONAL UNIT

This is a three-digit code and identifies the organization, under a single administrative head, created to fulfill certain instructional, supporting, or community service responsibilities.

The organizational unit code number should be assigned by the state educational agency or the local district. However, a certain block of numbers (100-199) is assigned to the high schools, another block (200-299) is for junior highs, and a third block (400-799) for the elementary schools within a district. Numbers 300-399 are to be used for other schools, such as middle schools.

Some expenditures will apply to all of the high schools in the district and cannot be identified with a particular school. Number 199 is reserved for this item. The same system is used for junior high (299) and elementary schools (799).

The code "000" is reserved for those expenditures, such as the superintendent's salary, that applies to the entire district and are identifiable with the administrative office. Numbers 1 through 99 are to be used for other specific organizational units, such as transportation garage and warehouse, that serve the entire district but are not a part of the administrative office and have an administrative head.

Separate code numbers "800-899" apply to the summer school programs and "900-989" to the adult education programs. It is advisable to separate these expenditures from the regular term, K - 12, program for cost analysis purposes. Also, these programs often have separate administrative heads, and the budgets are developed separately.

Number "990" is to be used for those activities that are associated with one or more schools but are administered independently of them. An example is a physical education coordinator who spends his time working with the teachers in a number of elementary and junior high schools.

Code number "998" is to be used for districts that have established separate administrative units for community services, such as a public library operated by a school district.

Code number "999" is provided for any expenditure that is not applicable to the previous code numbers.

C. ORGANIZATIONAL UNIT

- 000 Administrative Offices
- 00X (As Needed)
- 1XX High Schools (Individually Numbered)
- 199 All High Schools Within the District
- 2XX Junior High Schools (Individually Numbered)
- 299 All Junior High Schools Within the District
- 3XX (As needed for other Schools, e.g., Middle School)

C. ORGANIZATIONAL UNIT (Continued)

4XX - 7XX Elementary Schools (Individually Numbered)

799 All Elementary Schools within the District

8XX Summer Programs Individually Identified

899 All Summer Programs.

9XX Adult Education Programs Individually Identified

989 All Adult Education

990 Activities Associated with One or More Schools but Administered Independently of Them

999 Other Units Not Applicable to Previous Code Numbers

CODE SECTION D - AREA OF RESPONSIBILITY

(See Finance Glossary for specific definitions).

This code section uses a three-digit number with specific numbers assigned to each of the areas of responsibility.

The areas of responsibility are classified into thirteen functional categories which are identified by code number ranges. For example, all Research and Development is within the range of 270-299. Each of these 13 functional categories is related to the general broad areas of the school district's operation, (instruction, supporting services, ancillary services, and transfers and debt service), but provides for more specific identification. Yet, these broad areas can be generated easily by summarization as follows:

<u>General Broad Areas</u>	<u>Code Ranges</u>	<u>Areas of Responsibility</u> (functional categories)
Instruction (100-199)	100-199	Instruction
Supporting Services (200-699)	200-249	General Control
	250-269	Instructional Administration
	270-299	Research & Development
	300-349	Facilities, Maint. & Oper.
	350-399	Facilities, Acq./Improve.
	400-499	Food Services
	500-549	Pupil Personnel Services
	550-559	Health Services
Ancillary Services (700-799)	600-699	Pupil Transportation
	700-799	Community Services
Transfers and Debt Service (800-999)	800-899	Outgoing Transfers
	900-999	Debt Service

The second and third digits, when combined with the first digit, identify the specific area of responsibility such as Classroom Teaching or Building Maintenance. For example, code number 611 indicates that the expenditure falls under the Supporting Services broad area, under the Pupil Transportation functional category, and under the Vehicle Operation area of responsibility. A "general" area is provided at the beginning of each of the functional groupings (except Outgoing Transfers and Debt Service), to be used for those items that cannot be clearly identified as one of the specific areas of responsibility because it is from more than one, or cannot readily be prorated. Code 301, for example, will be used for the expenses of an employee who does general facilities maintenance and operation work.

Local school districts may wish to be more specific than is provided for in this code section. The codes assigned here are spaced in such manner that they can be expanded if need be. It is pointed out, however, that there is danger of losing compatibility if great care is not exercised when expanding the codes at this level. Redundancy is also likely if the capability of other code sections (such as code section G) is not thoroughly investigated before expansions are made in the areas of responsibility.

D. AREA OF RESPONSIBILITY

<u>100-199 Instruction</u>	<u>270-299 Research & Development</u>
101 Instructional Services, Gen.	271 R & D, General
111 Classroom Teaching	276 Research
121 Library	281 Development
131 Computer Assisted Instruc.	286 Evaluation
141 Educational TV Services	291 Statistics
151 Audio-Visual Services	296 Other R & D Services
161 Homebound Teaching and Other Teaching	
<u>200-249 General Control</u>	<u>300-349 Facilities, Maint. & Operation</u>
201 General Administration	301 Plant Maint. & Oper., Gen.
206 Board of Education	311 Site Maintenance
211 Business and Finance	316 Site Operation
216 Data Processing	321 Building Maintenance
221 Legal Services	326 Building Operation
226 Personnel Administration	331 Built-In Equipment, Maint.
231 Warehousing & Distribution	336 Built-In Equipment, Oper.
236 Centralized Printing and Publication Services	341 Movable Equipment, Maint.
241 Other General Control	346 Movable Equipment, Oper.
<u>250-269 Instructional Administration</u>	
251 Instructional Admin., Gen.	
256 Administration of a School	
261 Improvement of Curr. & Instr.	
266 Other Instructional Admin.	

D. AREA OF RESPONSIBILITY (Continued)

<u>350-399 Facilities, Acq./Improvement</u>	<u>700-799 Community Services</u>
351 Plant Acq./Improvement, Gen.	701 Community Services, Gen.
361 Site Acq./Improvement	711 Recreation
371 Building Acq./Improvement	721 Civic Activity
381 Built-In Equip.Acq./Improve.	731 Public Libraries
391 Movable Equip.Acq./Improve.	741 Custody and Detention
	751 Welfare Activities
<u>400-499 Food Services</u>	761 Non-Public School Ser- vices
401 Food Services, Gen.	771 Other Community Ser- vices
411 Food Preparation & Serving	
421 Transportation of Food	
431 Other Food Services	
	<u>800-899 Outgoing Transfers</u>
<u>500-549 Pupil Personnel</u>	801 Transportation Within State
501 Pupil Services, Gen.	811 Transportation Outside State
511 Attendance Services	821 Tuition Within State
516 Guidance Services	831 Tuition Outside State
521 Social Work Services	
526 Psychological Services	
531 Therapeutic Services	
541 Other Pupil Services	<u>900-999 Debt Service</u>
	911 Bond Redemption
<u>550-599 Health Services</u>	921 Long-Term Loan
551 Health Services, Gen.	931 Short-Term Loan
561 Medical Services	941 Current Loan
566 School Nurse Services	
571 Dental Services	
581 Other Health Services	
<u>600-699 Pupil Transportation</u>	
601 Transportation, Gen.	
611 Vehicle Operation.	
621 Vehicle Servicing and Maintenance	
631 Other Transportation Services	

CODE SECTION E - SUBJECT AREA

Since the basic purpose of a school district is to instruct students, a large percentage of a district's expenditures - at least two-thirds - can be easily identified with a particular subject area, such as the subject in departmentalized schools or the homeroom in those schools not having the departmental structure.

A two-digit code is to be used for all expenditures that can be identified with a subject area. The code "00" should be used for all expenditures that cannot be identified with one of these areas.

A code designation in this code section will be used for practically all of the expenditures under the instructional area of responsibility (Code Section D). In addition, it should be used for the expenditures in any of the other areas of responsibility if the expenditure is identified with a particular subject area. For example, the salary of an English curriculum director is to be coded to the English instructional area - "05" in Section E. The same code would also identify the salaries of all English teachers. As a result all of the direct costs of any instructional area will have the same code under Code Section E.

Instructional Area Code numbers are assigned to the broad groupings of co-curricular activities, such as Athletic Co-curricular Activities (Code Section 22).

CODE SECTION F - COURSE

This is a three-digit code section and is made available for those districts that wish to budget and/or account for the expenditures of each course in departmentalized schools, such as chemistry, biology, and physics, or each grade in those schools not having the department structure. Also, this code section can be used to identify each of the co-curricular activities.

Codes are derived from Instructional Programs to permit the use of shortened codes such as are currently being used locally.

E. SUBJECT AREA

00 Does Not Apply (DNA)	17 Trades and Industry
01 Agriculture	18 General Education (Pupil Supervision)
02 Art	19 Exceptional Child Education
03 Business	20 Co-Curricular Activities
04 Distributive Education	21 Academic Co-Curricular Activities
05 English Language Arts	22 Athletic Co-Curricular Activities
06 Foreign Language	23 Music Co-Curricular Activities
07 Health Occupations	24 School Services Co-Curricular Activities
08 Health, Safety, P.E.	25 Co-Curricular Social Organizations
09 Home Economics	
10 Industrial Arts	30 Driver Education
11 Mathematics	
12 Music	50 Homeroom, Elementary (non-departmentalized)
13 Natural Science	51 Homeroom, Secondary (non-departmentalized)
14 Office Occupations	
15 Social Studies	
16 Technical Education	

F. COURSE

XXX (Local Number)

CODE SECTION G - ACTIVITY

This two-digit code section is to be used for gathering together all of the costs - salaries, supplies, equipment, etc. - of a specific type of work regardless of the organizational unit, area of responsibility, or subject area.

For example, salaries for clerical services might be found in any of the areas of responsibility (Code Section D). It would be difficult to separate these and compile a list of all of the clerical costs in a school district if a specific code is not provided for this. The number "12" in code section G is to be used for all of the district costs of providing clerical services, such as salaries, supplies, equipment, travel, employee benefits and any other identifiable expense. If clerical services are provided by a contractual service, the expenditure will be recorded this same way.

Another example is supervisory services - code number "28". This code is to be used for identifying all supervisory costs and includes such salaries as those of the transportation supervisor, custodial supervisor, and school lunch supervisor, as well as the other costs that are incurred as a result of the work they are doing. It would not include, however, such costs as cafeteria food and gasoline for the buses.

The list of activities in Code Section G does not necessarily include all of the activities that can be identified by this manner of coding. School districts are encouraged to use this code section for additional specific activity groupings. With a little imagination, unlimited opportunities are available for identifying the costs of any category of work.

In effect, this code section is used to obtain a grouping of costs that is entirely different from the grouping that is based on the familiar functional list of areas of responsibility.

G. ACTIVITIES

- | | |
|-----------------------------|---------------------------------|
| 02 Accounting | 30 Teaching |
| 04 Administrative | 32 Teaching Assistance |
| 06 Architectural | 34 Therapeutic |
| 08 Auditing | 36 Transportation, Pupils |
| | 38 Transportation, Other |
| 10 Census | |
| 12 Clerical and Secretarial | 40 Warehousing and Distributing |
| 14 Counseling | |
| 16 Custodial | |
| 18 Guard and Police | |
| 20 Health or Medical | |
| 22 Maintenance and Repair | |
| 24 Recruiting Personnel | |
| 26 Pathological | |
| 28 Supervisory | |

CODE SECTION H - OBJECT

A two-digit code section identifies the object classification. This section should be used for all expenditures to identify that which is received in exchange for an expenditure. The objects are organized into nine general categories. Each of these categories is subdivided into specific object classifications.

H. OBJECT

10	<u>Salaries</u>	50	<u>Contracted Services, Utilities</u>
11	Certificated, Regular	51	Electricity
12	Certificated, Temporary	52	Telephone and Telegraph
13	Certificated, Substitute	53	Water
		54	Sewer
16	Non-Certificated, Regular	55	Gas
17	Non-Certificated, Temporary	56	Oil
18	Non-Certificated, Substitute	57	Coal
		58	Other Utilities
20	<u>Employee Benefits</u>		
21	Social Security	60	<u>Employee Travel</u>
22	State Retirements	61	Travel Within District
23	Municipal Retirements	62	Travel Outside District
24	Local District Retirement		
25	Health Insurance	70	<u>Facilities</u>
26	Life Insurance	71	Site Purchase
27	Guaranteed Income Insurance	72	Site Improvement
28	Workmen's Compensation	73	Building Purchase
29	Other Benefits	74	Building Lease or Lease Purchase
		75	Building Improvement
30	<u>Supplies</u>		
31	Textbooks	80	<u>Equipment</u>
32	Textbooks resale or rental	81	Furniture, New
33	General Supplies	82	Furniture, Replacement
34	General Supplies for resale	83	Machinery and Apparatus, New
35	Library Materials	84	Machinery and Apparatus, Replacement
		85	Vehicles, New
40	<u>Contracted Services</u>	86	Vehicles, Replacement
41	Consultation		
42	Other Non-Staff Personnel	90	<u>Debt Services</u>
43	Transportation	91	Principal
44	Tuition	92	Interest
45	Repairs		
46	Insurance		
47	Memberships		
48	Rentals		
49	Other Contracted Services (Except Utilities)		

PART 3 - Construction of Expenditure Account Codes

The purpose of Part 3 is to illustrate the method by which the eight expenditure code sections are combined. Below are listed examples of the construction, by code number, of an expenditure code.

Example 1. Payment from the General Fund of the salary of a marine biology teacher at Logan High School for the academic year.
The teacher is a regular certificated employee.

<u>Code Section</u>		<u>Code</u>
A	Fund (General Fund)	10
B	Type of Account (Expenditure)	5
C	Organizational Unit (Logan High School)	101
D	Area of Responsibility (Classroom Teaching)	111
E	Subject Area (Natural Science)	13
F	Course (Marine Biology)	30
G	Activity (Classroom Teaching)	50
H	Object (Salaries - Certificated, Regular)	11

Code: 10 5 101 111 13 30 50 11

Example 2. Payment from the General Fund for the office supplies to be used by the secretary of the business director in the administrative office.

<u>Code Section</u>		<u>Code</u>
A	Fund (General Fund)	10
B	Type of Account (Expenditure)	5
C	Organizational Unit (Administrative Office)	001
D	Area of Responsibility (Business & Finance)	211
E	Subject Area (Does Not Apply)	00
F	Course (Does Not Apply)	000
G	Activity (Secretarial Services)	12
H	Object (General Supplies)	33

Code: 10 5 001 211 00 000 12 33

Example 3. Payment from the General Fund for the travel expense of a custodian employed at Smith Junior High School. He is a regular employee.

<u>Code</u> <u>Section</u>		<u>Code</u>
A	Fund (General Fund)	10
B	Type of Account (Expenditure)	5
C	Organizational Unit (Smith Junior High)	205
D	Area of Responsibility (Building Operation)	326
E	Subject Area (Does Not Apply)	00
F	Course (Does Not Apply)	000
G	Activity (Custodial Services)	16
H	Object (Travel - in-state)	61

Code: 10 5 205 326 00 000 16 61

Example 4. Payment from the General Fund for the purchase of a replacement sewing machine at Logan High School for the Home Economics Department. This equipment is to be used in the Dressmaking (Vocational) course.

<u>Code</u> <u>Section</u>		<u>Code</u>
A	Fund (General Fund)	10
B	Type of Account (Expenditure)	5
C	Organizational Unit (Logan High School)	101
D	Area of Responsibility (Classroom Teaching)	111
E	Subject Area (Home Economics)	09
F	Course (Dressmaking - Vocational)	031
G	Activity (Teaching)	30
H	Object (Machinery & Apparatus, Replacement)	84

Code: 10 5 101 111 09 031 30 84

CHAPTER D

REVENUE ACCOUNTS

PART 1 - The Coding Structure

In developing the coding structure for revenue accounts, it is desirable to provide for several items of information about the revenue.

It is important to designate in the accounting code the fund for which the revenue is received. Also, it is necessary to include in the code a number to signify that the account is a revenue account.

A large number of the revenue transactions in a school district, such as textbook rentals, tuition, gate receipts, building rental, and sale of supplies, can be easily identified to a specific organizational unit.

The source of the revenue is a logical grouping of accounts, and this establishes a framework for the specific types of revenue items.

A complete program budgeting and accounting system should at least provide for including in the revenue account a code indicating the specific subject and course area for which the revenue is received. Most revenue items in a school district cannot be identified with a particular subject and course area. However, where this identity is possible, the information should be included in the code.

For example, a school district may wish to code the account for the receipt of gate receipts so that the code indicates the specific cocurricular activity for which the gate receipts were collected.

Six code sections for revenue accounts provide a system that permits recording of all the above data. These are as follows:

Code Section	A	B	C	D	E	F
Dimension	Fund	Type of Account	Organiz. Unit	Source and Type Revenue	Subject Area	Course
No. of Digits	XX	X	XXX	XXX	XX	XXX

It is expected that code sections C, E, and F will be used only for local purposes, and that state educational agencies will require only the reporting of sections A, B, and D. School districts will find, however, that they will want to include all of the code sections in their accounting procedures.

PART 2 - Explanation of Code Sections

The development of the coding system for revenues is based on the use of four code sections. The first three code sections are identical with those used to identify expenditures.

CODE SECTION A - FUND

For this section, use the same two-digit code numbers that are established for expenditure accounts.

CODE SECTION B - TYPE OF ACCOUNT

The digit "4" in this code section identified the account as a revenue account.

CODE SECTION C - ORGANIZATIONAL UNIT

Use the same three-digit code as for expenditures.

CODE SECTION D - SOURCE AND TYPE OF REVENUE

Three-digit code numbers are to be used to identify the source and type of revenue and are listed on the following pages by source.

CODE SECTION E - SUBJECT AREA

Two-digit code numbers are used to identify the Subject Area when it is appropriate to relate Subject Area to a Revenue, such as vocational agriculture subsidy monies. The identifying code numbers are given in Chapter 3, code section E. The same code numbers should be used here.

CODE SECTION F - COURSE

This code section, as the one above, is to be used only when it is appropriate to further identify Revenues. The identifying code number is the same as is used when reporting expenditures by course, (see Chapter 3).

100 Revenue From Local Sources

- 110 Property Taxes
 - 111 Current Taxes
 - 112 Back/Delinquent Taxes
 - 113 Taxes in Advance
 - 114 Payments in Lieu of Taxes
- 120 Sales Taxes
 - 121 Current Taxes
 - 122 Back/Delinquent Taxes
 - 123 Taxes Advanced
 - 124 Payments in Lieu of Taxes

100 Revenue From Local Sources (Continued)

- 130 Income Taxes
 - 131 Current Year Taxes
 - 132 Back/Delinquent Taxes
 - 133 Taxes Advanced
 - 134 Payments in Lieu of Taxes
- 140 Special Taxes
 - 141 Current Year Taxes
 - 142 Back/Delinquent Taxes
 - 143 Taxes Advanced
 - 144 Payments in Lieu of Taxes
- 150 Tuition
 - 151 Tuition from Students
 - 152 Tuition from Patrons
- 160 Transportation
 - 161 Transportation fees from Students
 - 162 Transportation fees from Patrons
 - 163 Transportation fees from Other Sources
- 170 Student Sources
 - 171 Fees and Rentals
 - 172 Athletic Activities
 - 173 Music Activities Receipts
 - 174 Food Services Receipts
 - 175 Other
- 180 Interest
- 190 Other Revenue from Local Sources
 - 191 Gifts
 - 192 Facilities Rental
 - 193 Other

200 Revenue From Intermediate Sources

- 210 Property Taxes
 - 211 Current Taxes
 - 212 Back/Delinquent Taxes
 - 213 Taxes in Advance
 - 214 Payments in Lieu of Taxes
- 220 Sales Taxes
 - 221 Current Taxes
 - 222 Back/Delinquent Taxes
 - 223 Taxes Advanced
 - 224 Payments in Lieu of Taxes

200 Revenue From Intermediate Sources (Continued)

- 230 Income Taxes
 - 231 Current Year Taxes
 - 232 Back/Delinquent Taxes
 - 233 Taxes Advanced
 - 234 Payments in Lieu of Taxes
- 240 Special Taxes
 - 241 Current Year Taxes
 - 242 Back/Delinquent Taxes
 - 243 Taxes Advanced
 - 244 Payments in Lieu of Taxes
- 250 Tuition
 - 251 Tuition from Students
 - 252 Tuition from Patrons
- 260 Transportation
 - 261 Transportation fees from Students
 - 262 Transportation fees from Patrons
 - 263 Transportation fees from Other Sources
- 270 Student Sources
 - 271 Fees and Rentals
 - 272 Athletic Activities
 - 273 Music Activities Receipts
 - 274 Food Services Receipts
 - 275 Other
- 280 Interest
- 290 Other Revenue From Intermediate Sources
 - 291 Gifts
 - 292 Facilities Rental
 - 293 Other

300 Revenue From State Sources

- 310 State Foundation Program
- 320 Transportation
- 330 Driver Education
- 340 Special Education
- 350 Vocational Education
- 360 Monies in Lieu of Taxes
- 390 Other Revenue from State Sources

400 Revenue From Federal Sources

- 410 Vocational Education
 - 411 Agriculture
 - 412 Distributive Education
 - 413 Health Occupation Education
 - 414 Home Economics

- 410 Vocational Education (Continued)
 - 415 Office Education
 - 416 Technical Education
 - 417 Trades and Industrial Education
 - 418 Practical Nurse Training (P.L. 84-911)
 - 419 Area Vocational Education (P.L. 85-864 Title VIII)
 - 420 Vocational Education Act 1963 (P.L. 88-210)
 - 421 Manpower Development Training Act 1962 - Indian Vocational Training (P.L. 88-214)
 - 422 Manpower Development Training Act 1962 - Training Programs (P.L. 89-15)
 - 423 Public Health Training - Traineeship (P.L. 88-498)
 - 424 Public Health Service Act - Nurse Training (Title VIII)
 - 425 Welfare Education Program - ADC - (P.L. 87-543)
 - 426 Vocational Rehabilitation (P.L. 66-236)
 - 427 Social Security Amendments 1956 - Research and Demonstration Projects (P.L. 84-880)
 - 428 Appalachian Regional Development Act 1965 (P.L. 89-4)
- 430 Educational Opportunity Act 1964 (P.L. 88-452)
 - 431 Title IB - Neighborhood Youth Corps
 - 432 Title IIA - Community Action Programs (Basic Adult Education)
 - 433 Title IIA and IIIB - Special Poverty Programs
- 440 Elementary and Secondary Education Act (P.L. 89-10)
 - 441 Title I - Educationally Deprived
 - 442 Title II - Library
 - 443 Title III - Supplementary Education
 - 444 Title VI - Special Education
- 450 National Defense Education Act (P.L. 864)
 - 451 Title III - Instruction
 - 452 Title VA - Guidance
- 460 Miscellaneous
 - 461 Federal Forest Lands
 - 462 Flood Control
 - 463 Grazing Land
 - 464 Johnson-O'Malley Act (P.L. 73-167)
 - 465 Adult Education-Indian Program (P.L. 67-85)
 - 466 Mineral Leases
 - 467 National School Lunch Program
 - 468 School Milk Program
 - 469 Construction/Federally Impacted Areas (P.L. 81-815)
 - 470 Maintenance & Operation/Federally Impacted Areas (P.L. 81-874)
 - 471 Assistance for Public Schools Affected by Major Disasters (P.L. 89-313)
 - 472 Immigration and Nationality Act (P.L. 414)
 - 473 Juvenile Delinquency and Youth Offenses Control 1961 (P.L. 87-274)
 - 474 Migrant Health Act 1962 (P.L. 87-692)

- 460 Miscellaneous (Continued)
 - 475 Vaccination Assistance Act 1962 (P.L. 87-868)
 - 476 Educational Television Broadcasting Facilities (P.L. 87-447)
 - 477 Library Services and Construction (P.L. 88-269)
 - 478 Title II - Civil Rights Act 1964 (P.L. 88-353)
 - 479 Title IV - Civil Rights Act 1964 (P.L. 88-353)
 - 480 Teaching Materials for the Blind (20 USC 101-105)
 - 481 Research and Demonstration Projects in Education of the Handicapped (P.L. 88-164)
 - 482 Area Redevelopment Act (P.L. 87-27)
 - 483 Civil Defense Adult Education Program

- 490 Other
 - 491 Federal Reimbursements

500 Sale of Property

- 510 Sale of Equipment
- 520 Sale of Buildings
- 530 Sale of Sites

900 Incoming Transfers

- 910 Tuition from within the state
- 920 Tuition from outside the state
- 930 Transportation from within the state
- 940 Transportation from outside the state

PART 3 - Construction of Revenue Account Codes

Example 1. Receipt of state reimbursement covering transportation of students to all high schools in the district.

<u>Code Section</u>		<u>Code</u>
A	Fund (General Fund)	10
B	Type of Account (Revenue)	4
C	Organizational Unit (All High Schools in District)	199
D	Source and Type of Revenue (State Sources - Transportation)	320
E	Subject Area (Does Not Apply)	00
F	Course (Does Not Apply)	000
Code:	10 4 199 320 00 000	

Example 2. Receipt of summer school tuition for students attending
Mason Elementary School.

<u>Code</u> <u>Section</u>		<u>Code</u>
A	Fund (General Fund)	10
B	Type of Account (Revenue)	4
C	Organizational Unit (Summer School at Mason Elementary)	801
D	Source and Type of Revenue (Local Source - Student Tuition)	151
E	Subject Area (Does Not Apply)	00
F	Course (Does Not Apply)	000

Code: 10 4 801 151 00 000

Example 3. Receipt of revenue resulting from the collection of fees
from students in the Industrial Arts Carpentry Course at
Central High School.

<u>Code</u> <u>Section</u>		<u>Code</u>
A	Fund (General Fund)	10
B	Type of Account (Revenue)	4
C	Organizational Unit (Central High School)	111
D	Source and Type of Revenue (Local-Student Fees)	171
E	Subject Area (Industrial Arts)	10
F	Course (Carpentry)	110

Code: 10 4 111 171 10 110

CHAPTER E

ASSET, LIABILITY, AND FUND BALANCE ACCOUNTS

PART 1 - Coding Structure

An eight-digit code is used for the asset, liability, and fund balance accounts. For these accounts there is no need to include provisions in the coding structure for identifying the organizational unit, subject area, or course. Instead, three code sections will be used to identify the fund, the type of account, and the specific account. The codes used here are closely related to those presented in the expenditure and revenue chapters in that the first two code sections are the same as those shown in Chapter C and the third code section is an expansion of the detail found in the revenue chapter.

PART 2 - Explanation of Code Sections

Code Section		
A Fund XX	B Type of Account X	C Specific Account XXXXX

CODE SECTION A - FUND - The two-digit code identification of the fund concerned is the same as that used in the revenue and expenditure accounts.

CODE SECTION B - TYPE OF ACCOUNT - Accounts are identified as follows:

<u>Code</u>	<u>Type of Account</u>
1	Asset Accounts
2	Liability Account
3	Fund Balance Account

CODE SECTION C - SPECIFIC ACCOUNT - The specific asset, liability, and fund balance accounts are identified by five-digit code numbers and these are listed on the following pages by type of account.

Accounts are provided for those systems that use the accrual basis, as well as for those that use the cash or obligation basis. Accounts which are used only in accrual basis systems are identified in the lists of accounts.

ASSETS

- 10000 Cash
 - 11000 Petty Cash
 - 12000 Imprest Fund
 - 13000 Cash in Banks
- 20000 Investments
- 30000 Accounts Receivable
 - 31000 Taxes Receivable
 - 311XX Local Taxes (extend as needed)
 - 312XX Intermediate Taxes (extend as needed)
 - 32000 Governmental Claims Receivable
 - 323XX State Sources (extend as needed)
 - 324XX Federal Sources (extend as needed)
 - 39000 Other Receivables
- 40000 Accrued Revenues
 - 41XXX Accrued Interest (extend as needed)
 - 42XXX Accrued Tuition (extend as needed)
 - 49XXX Other Accrued Revenues (extend as needed)
- 50000 Deferred Charges
 - 51XXX Prepaid Insurance
 - 52XXX Prepaid Interest
 - 53XXX Other Deferred Charges
- 60000 Inventories
 - 61XXX Warehouse Inventories
 - 69XXX Other Inventories
- 70000 Vocational Projects for Resale
- 80000 Facilities
 - 81XXX Sites (extend as needed)
 - 82XXX Buildings (extend as needed)
 - 83XXX Equipment (extend as needed)
- 90000 Other Assets

EXAMPLES:

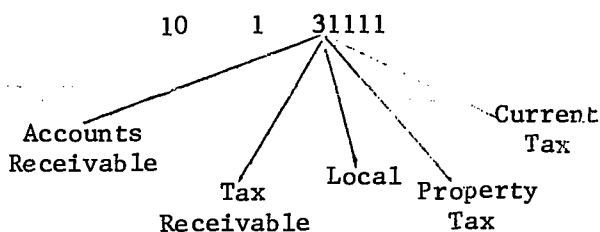
General Fund - Cash in Banks

10 1 13000

Building Fund - Investments

20 1 20000

General Fund - Local Property Taxes Receivable,
Current Taxes



LIABILITIES AND FUND BALANCE

Liabilities

- 100XX Loans Payable
 - 110XX Long-Term Loans
 - 120XX Short-Term Loans
 - 130XX Current Loans
- 200XX Bond and Interest Payable
 - 210XX Bond Payable (Accrual Basis)
 - 211XX Current (Accrual Basis)
 - 212XX Long-Term (Accrual Basis)
 - 220XX Interest Payable (Accrual Basis)
 - 221XX Current Accrual Basis)
 - 222XX Long-Term (Accrual Basis)
- 300XX Payroll Deductions Payable
- 400XX Accounts Payable (Accrual Basis)
- 500XX Accrued Expense
 - 510XX Accrued Salaries (Accrual Basis)
 - 520XX Accrued Tuition (Accrual Basis)
 - 530XX Accrued Interest (Accrual Basis)
 - 540XX Accrued Rent (Accrual Basis)
 - 590XX Other Accrued Expense (Accrual Basis)
- 600XX Other Liabilities

Fund Balance

- 10000 Fund Balance

EXAMPLES:

General Fund - Long-Term Loans Payable
10 2 11000

Building Fund - Interest Currently Due on Bonded Debt
20 2 22100

148

29

GLOSSARY OF TERMINOLOGY

CODE SECTION D - AREA OF RESPONSIBILITY

100-199 Instruction. Instruction includes all activities dealing with the teaching of pupils. Teaching, the major aspect of instruction, may be provided for pupils in a classroom of a school, in another location such as a home or hospital, and other learning situations such as those involving cocurricular activities. It may also be provided through some other approved medium such as television, radio, telephone and correspondence.

101 Instructional Service, General. The area of responsibility for providing those services which apply to two or more of the following instructional areas of responsibility and which cannot be reasonably or accurately prorated among them.

111 Classroom Teaching: The area of responsibility for instructing pupils in course in classroom situations for which daily pupil attendance figures for the school system are kept.

121 Library Services. The area of responsibility for organizing and managing libraries of books and other instructional resource material in a school or school system for the use of pupils and faculty. It consists of such technical activities as ordering, cataloging, processing, and circulating books and other materials; planning the use of the library by teachers and pupils; selecting books and materials; participating in faculty planning for the use of books and materials; and guiding teachers and pupils in the use of the library. Audio-visual materials and equipment are included if they are managed under the direction of the librarian.

131 Computer Assisted Instruction. The area of responsibility for providing computer assisted instruction for a school or school system. It may consist of such activities as writing, programming, directing, supervising and providing computer time for the CAI program of schools or a school system.

141 Educational Television Services. The area of responsibility for providing educational television programs as a part of the instructional program or the school or school system. It consists of such activities as writing, programming and directing educational television programs for a school or a school system.

151 Audio-Visual Services. The area of responsibility for preparing, caring for, and making available to instructional programs in a school or school system the equipment, materials, scripts, and other aids which assist teaching and learning through special appeal to the senses of sight and hearing.

161 Homebound Teaching. The area of responsibility for teaching regular or special subjects to those students who are unable to attend regular classes because of long or short terms of confinement at home or in an institution. Such confinement is normally due to temporary problems of physical disability.

200-249 General Control. The areas of responsibility for administering those non-instructional programs which have as their purpose the general regulation, direction and control of the affairs of the school district that are systemwide and not confined to one school, subject or narrow phase of school activity. Research and Development, Facilities, Food Services, Pupil Personnel, Health, Pupil Transportation and Community Services are recorded under the accounts of those areas of responsibility.

201 General Administration. The area of responsibility for the administrative activities which pertain to the entire school district and are performed only by the chief executive officer and his executive assistants.

206 Board of Education. The area of responsibility encompassing the activities of the elected or appointed body which has been created according to state law and vested with responsibilities for educational activities in a given geographical area, the board secretary, treasurer, school elections, tax collections and audit.

211 Business and Finance. The area of responsibility concerned with the control of the fiscal activities of the school district. Included are budgeting, accounting, purchasing and related activities.

216 Data Processing. The area of responsibility for providing data processing services for the school system. It consists of program direction, system analysis, programming, collection and preparation of data, operations and output services.

221 Legal Services. The area of responsibility for providing legal counsel for the general control of the school district. Legal services obtained expressly for financing or acquiring facilities, or improving facilities, should be included in the appropriate facilities account.

226 Personnel Administration. The area of responsibility for the administration of the staff personnel program of the school system. It consists of assignments to perform such activities as recruiting staff members, staff accounting, staff placement, staff transfer, and other staff personnel administration activities.

231 Warehousing and Distribution. The area of responsibility for administering a systemwide program of storing and distributing those supplies, equipment and materials used in the operation of the school system which are purchased, received and stored in a central warehouse.

236 Centralized Printing and Publication Services. The area of responsibility for administering a centralized printing and/or publication service for the benefit of all organizational units of the school district. Included are such activities as typesetting, photo work, duplication, copying, collating, punching and binding.

241 Other General Control. The area of responsibility for providing general control services which are not included in the other specific general control areas of responsibility.

250-264 Instructional Administration. The areas of responsibility for providing the leadership, supervision, coordination, direction, administration and consultation for the operation of the instructional program of schools or school systems.

251 Instructional Administration, General. The area of responsibility for providing those services which apply to two or more of the following instructional administration areas of responsibility and which cannot reasonably or accurately be prorated among them.

256 Administration of a School. The area of responsibility for administering the operation of a school, (organizational unit, not a school system). The principal, assistant principal, vice principal, dean, etc. would be assigned to this area as would their staff and other directly related expenditures.

261 Improvement of Curriculum and Instruction. The area of responsibility for administering the program of curriculum and instructional improvement of a department, school or school system. The assistant superintendent for curriculum, curriculum directors, department heads, supervisors, coordinators and consultants are commonly assigned to this area along with their staffs and other directly selected expenditures. (Note: Personnel with identical titles may be assigned to instructional administration, general, or improvement of curriculum and instruction, depending upon the nature of their actual responsibilities).

266 Other Instructional Administration. The area of responsibility for providing instructional administration services which are not included in the previous instructional administration areas of responsibility.

270-299 Research and Development. The areas of responsibility for systematically observing, investigating, evaluating and studying various aspects of the instruction and non-instructional programs of a school district and then developing and recommending new programs based upon the findings.

271 Research and Development, General. The area of responsibility for providing those services which apply to two or more of the following research and development areas of responsibility and which cannot be reasonably or accurately prorated among them.

276 Research. The area of responsibility for providing means of applying the technology, methods, and strategies of science to the solutions of problems of a research nature which are peculiar to the operation of schools.

281 Development. The area of responsibility for technical activity concerned with non-routine problems which are encountered in translating research findings or other general scientific knowledge into processes.

286 Evaluation. The area of responsibility for evaluation of all aspects of education. It consists of such activities as evaluating instructional, supporting services, and ancillary services programs.

291 Statistics. The area of responsibility for collecting and organizing educational data pertinent to various areas of interest, including pupils, staff, instruction, facilities and finance.

296 Other R & D Services. The area of responsibility for providing research and development services which are not included in the previous R & D areas of responsibility.

300-349 Facilities, Maintenance and Operation. The area of responsibility for repairing and keeping ready for use, land, outdoor facilities, buildings or parts of buildings.

301 Facilities, Maintenance and Operation, General. The area of responsibility for providing those services which apply to two or more of the following facilities, maintenance and operation areas of responsibility, and which cannot reasonably or accurately be prorated among them.

311 Site Maintenance. The area of responsibility consisting of those activities which have as their main purpose keeping sites at their original or improved condition of completeness and efficiency through repairs or replacement. Included is the necessary labor, supplies and equipment (i.e. necessary tree removal and tree replacement would be included). All improvements including drives, walks, playgrounds, athletic fields and outdoor lighting are considered to be sites.

316 Site Operation. The area of responsibility consisting of those activities that have as their main purpose keeping the site acceptable in appearance and readiness for use. Included is the necessary labor, equipment, and supplies for fertilizing, mowing, snow removal, cleaning and watering.

321 Building Maintenance. The area of responsibility which has as its main purpose, keeping buildings or parts of buildings, at their original condition of completeness and efficiency through repairs, or replacement (anything less than total replacement of a building).

326 Building Operation. The area of responsibility consisting of those activities which have as their main purpose keeping the physical plant open and ready for use. The activities include preserving the security of the building, cleaning, heating, cooling, lighting, maintenance, safe conditions, moving furniture, and other such housekeeping services as are repeated somewhat regularly on a daily, weekly, monthly or seasonal basis.

331 Built-In Equipment, Maintenance. The area of responsibility consisting of those activities which have as their main purpose keeping the built-in equipment at its original condition of completeness and efficiency through repairs or replacement. Built-in equipment is that equipment which is an integral part of the building or grounds and is usually permanently attached thereto.

336 Built-In Equipment, Operation. The area of responsibility which has as its main purpose keeping the built-in equipment in service or ready for use.

341 Movable Equipment, Maintenance. The area of responsibility which has as its main purpose keeping movable equipment at its original condition of completeness and efficiency through repairs or replacement. Movable equipment is defined as equipment that is transportable from one place to another without appreciable damage to the other equipment, the place from which it is removed or to the location where it is installed.

346 Movable Equipment, Operation. The area of responsibility, which has as its main purpose, the operation of movable equipment included. (Note: Annual cleaning and oiling, or replacing a lens of a movie projector would be recorded under Movable Equipment, Maintenance. Replacement of an excitor or projector bulb would be Movable Equipment, Operation.)

350-399 Facilities Acquisitions or Improvement. The area of responsibility concerned with acquiring title to sites, buildings, built-in equipment or movable equipment by purchasing contract, own labor, gift or otherwise. It also includes additions or improvements to facilities presently owned. (Renovation to return facilities to a previous condition of improvement is recorded under Maintenance.)

351 Plant Acquisition/Improvement, General. The area of responsibility for providing those services which apply to two or more of the following plant acquisition/improvement areas of responsibility and which cannot be reasonably or accurately prorated among them.

361 Site Acquisition/Improvement. The area of responsibility for purchasing or otherwise acquiring title to land and for improving the site in all ways other than construction of buildings. Included are such things as drainage, grading, drives, parking areas, wells, planting, play courts and play fields.

371 Building Acquisition/Improvement. The area of responsibility for purchasing, building or otherwise acquiring title to buildings, additions to buildings or improvements to buildings. (Not included are expenditures, no matter how large, which merely renovate.) Most major work on existing buildings include both renovation and alteration. If the costs cannot be divided between Maintenance and Improvement, the main purpose of the work will have to be considered along with an evaluation of the costs, to determine the area to be charged.

381 Built-In Equipment Acquisition/Improvement. The area of responsibility for purchasing or otherwise acquiring title to built-in equipment. Built-in equipment is that equipment which is an integral part of the building or grounds and is usually permanently attached thereto.

391 Movable Equipment Acquisition/Improvement. The area of responsibility for purchasing or otherwise acquiring title to movable equipment and for modifying movable equipment to improve it.

400-499 Food Services. The area of responsibility consisting of those activities which have as their purpose the management of food services programs for the school or school system and the preparation and serving of regular and incidental meals, lunches, or snacks in connection with school activities. This area is applicable to both schools and school systems.

401 Food Services, General. The area of responsibility for providing those services which apply to two or more of the following Food Service areas of responsibility and which cannot be reasonably or accurately prorated among them.

411 Food Preparation and Serving. The area of responsibility for preparing and serving regular and incidental meals, lunches, or snacks in connection with school activities. It consists of such activities as preparing and cooking food, operating kitchen equipment, serving food, cleaning dishes, and storing dishes and kitchen equipment.

421 Transportation of Food. The area of responsibility is for transporting prepared food from a central kitchen to one or more schools.

431 Other Food Services. Other food services activities which cannot be recorded under the preceding areas of responsibility.

500-549 Pupil Personnel Services. The area of responsibility consists of those activities which have as their purpose various services for pupils, other than instruction, transportation, food and health services. This area is applicable to both schools and school systems.

501 Pupil Services, General. The area of responsibility for providing those services which apply to two or more of the following pupil service areas of responsibility, and which cannot reasonably or accurately be prorated among them.

511 Attendance Services. The area of responsibility for promoting and improving school attendance of pupils. It consists of such activities as early identification of patterns of non-attendance, promotion of positive pupil and parent attitudes toward attendance, analysis of causes of non-attendance, early action on problems of non-attendance, and enforcement of compulsory attendance laws.

516 Guidance Services. The area of responsibility for helping pupils assess and understand their abilities, aptitudes, interests, environmental factors, and educational needs; for assisting pupils in increasing their understanding of educational and career opportunities; and for aiding pupils in making optimum use of educational and career opportunities through the formulation of realistic goals. It consists of such activities as counseling pupils and parents, evaluating the abilities of pupils, assisting pupils to make their own educational and career plans and choices, assisting pupils in personal and social adjustments, and working with other staff members in planning and conducting guidance programs.

521 Social Work Services. The area of responsibility for assisting in the prevention or solution of the personal, social, and emotional problems of pupils which involve family, school, and community relationships when such problems have a bearing upon the quality of the school work of the pupils. It consists of such professional activities as diagnosing the problems of pupils arising out of the home, school, or community; casework services for the child, parent, or both; interpreting the problems of pupils for other staff members, and promoting modification of the circumstances surrounding the individual pupil which are related to his problem insofar as the resources of the family, school and community can be effectively brought to bear upon the problem.

526 Psychological Services. The area of responsibility for supplementing the school system reservoir of information identifying the individuality of each pupil, his capacities, achievements, interests, potentials, and needs; for studying the individual pupil experiencing acute problems of educational development in order to furnish diagnostic information; and for suggesting programs concerning the psychological aspects of these problems. It consists of such activities as administering psychological tests, interpreting the results of psychological tests, working with other staff members in planning programs to meet needs indicated by psychological tests, and managing and planning a program of psychological services for the school system.

531 Therapeutic Services. The area of responsibility for providing speech, visual, physical, occupational, auditory or other therapy services to pupils.

541 Other Pupil Services. The area of responsibility for providing pupil services which are not included in the previous pupil services area of responsibility.

550-599 Health Services. The area of responsibility consisting of physical and mental health services which are not direct instruction. It consists of the activities of providing medical, dental, psychiatric, and nursing services.

551 Health Services, General. The area of responsibility for providing those services which apply to two or more of the following Health Services.

561 Medical Services. The area of responsibility, under the direction of a physician, for providing medical services for pupils. The services may include examinations, inoculations, and treatment.

566 School Nurse Services. The area of responsibility for providing treatment of minor injuries, health inspection, screening examinations for determining need for health referrals, regular determination of physical growth factors and maintenance of pupil health records.

571 Dental Services. The area of responsibility, under the direction of a dentist, for providing dental examinations, extractions, treatment or repair for pupils.

581 Other Health Services. The area of responsibility for providing pupil health services which are not included in the previous Health Services areas of responsibility.

600-699 Pupil Transportation. The area of responsibility for transporting pupils attending our public schools, with either the school district staff and buses, or otherwise, between home and school or on trips related to school activities. It consists of such activities as providing and maintaining pupil transportation vehicles, driving buses, or other pupil transportation vehicles, in-transit pupil supervision, attending loading and unloading points, dispatching buses, operating the bus-control radio and directing traffic. It can also include contracting for pupil transportation.

601 Transportation, General. The area of responsibility for providing those services which apply to two or more of the following Pupil Transportation areas of responsibility and which cannot be reasonably or accurately prorated among them. Include here the cost of additional or replacement vehicles.

611 Vehicle Operation. The area of responsibility for operating the school transportation vehicles. Salaries of operational supervisors and drivers are included.

621 Vehicle Servicing and Maintenance. The area of responsibility for maintaining public school pupil transportation vehicles (in as nearly new condition and original efficiency as possible) through repair, replacement of parts, servicing, and care. (It consists of such activities as repairing vehicles, replacing vehicle parts, cleaning, painting, greasing, fueling, preventive maintenance, and inspection of vehicle for safety.

631 Other Transportation Services. The area of responsibility for providing pupil transportation services which cannot be included in the previous Pupil Transportation areas of responsibility.

700-799 Community Services. The broad area consisting of those services, other than public school and adult education programs, provided by the school or school system for purposes relating to the community as a whole or some segment of the community. These include such services as community recreation programs, civic activities, public libraries, programs of custodial and detention care of children, community welfare activities, and services for non-public school pupils provided by the schools on a continuing basis.

701 Community Services, General. The area of responsibility for providing those services which apply to two or more of the following Community Service areas of responsibility, but which cannot reasonably or accurately be prorated among those areas.

711 Recreation. The area of responsibility for providing recreation programs for the community as a whole or for some segment of the community. It consists of such staff activities as organizing and supervising playgrounds, swimming pools, and other recreation programs for the community.

721 Civic Activities. The area of responsibility for providing services in connection with civic activities such as meeting of parent-teacher associations, public forums and lectures, civil defense planning, and other civic-center activities.

731 Public Library Services. The area of responsibility for providing library facilities and/or services for the general public.

741 Custody and Detention Care of Children. The area of responsibility for providing programs for the custodial and detention care of children in residential or day school or child care centers which are not part of or directly related to the instructional program, and where the attendance of the children is not included in the attendance figures for the school system.

751 Welfare Activities. The area of responsibility for providing aid to indigent children (whether in non-public or public schools, or in neither) and adults, when such aid is restricted to indigent persons, or for providing services in connection with disaster relief.

761 Non-Public School Activities. The area of responsibility for providing services to non-public school pupils. It consists of such activities as those involved in providing instructional services, attendance and social work services, health services, and transportation services, for non-public school pupils, where the attendance of the children is not included in the attendance figures for the public school system.

771 Other Community Services. The area of responsibility for providing community services which are not included in the previous areas of responsibility.

800-899 Outgoing Transfers. The area of responsibility for transactions involving payment to other school districts or administrative units in or out of the state and tuition to other than public schools.

801 Transportation Within the State. The area of responsibility for reimbursing another school district, private school or individual for transportation services, within the state, rendered for students residing within the paying district.

811 Transportation Outside the State. The area of responsibility for reimbursing another school district, private school, or individual for transportation services outside the state, rendered for students residing outside the paying district.

821 Tuition Within the State. The area of responsibility for reimbursing another school district, private school or individual for instructional services within the state rendered for students residing within the paying district.

831 Tuition Outside the State. The area of responsibility for reimbursing another school district, private school or individual for instructional services outside the state rendered for students residing outside the paying district.

900-999 Debt Service. The area of responsibility for transactions involving payment of principal and interest on long and short-term debts, retirement of serial bonds, amounts paid into a sinking fund, and expenditures to a public school-housing authority.

911 Bond Redemption. The area of responsibility for redeeming the bonds and paying the interest on the bonds which have been previously issued to accommodate major remodeling or Facilities Acquisition/Improvement Projects.

921 Long-Term Loan. The area of responsibility for administering long-term loans. Long-term loans are loans which extend for more than five years from the date the loan was obtained and is not secured by serial or term bonds.

931 Short-Term Loan. The area of responsibility for administering short-term loans. Short-term loans are loans which are payable within five years of the date of the loan, but not within the fiscal year of issue.

941 Current Loans. The area of responsibility for administering current loans. Current loans are those loans which are payable during the same fiscal year in which the money was borrowed.

CODE SECTION G - ACTIVITIES

This code section is provided to group, from all areas of responsibility, those personnel, supplies, equipment and other expenditures associated with a specific type of activity or service.

02 Accounting. Accounting is concerned with recording and reporting activities and events affecting personnel, facilities, materials or money of an administrative unit and its programs. Specifically, it is concerned with determining what accounting records are to be maintained, how they will be maintained, and the procedures, methods, and forms to be used; recording, classifying and summarizing activities or events; analyzing and interpreting recorded data; and preparing and issuing reports and statements which reflect conditions as of a given date, and results of operations for a specific period, and the evaluation of status and results of operations in terms of established objectives.

04 Administrative. Activities or services which have as their general regulation, direction and control of the affairs of the school system, organizational units, or departments.

06 Architectural and Engineering. Activities and services which provide professional services in connection with designing and preparing specifications and drawings for new construction, rehabilitating or altering existing buildings, developing landscaping or acting as professional adviser on architectural matters.

08 Auditing. The technical activities or services of verifying the accuracy and appropriateness of receipts, expenditures, accounts and accounting statements in accordance with applicable laws and regulations.

10 Census. The activities or services concerned with the systematic counting of resident persons in a school district and with recording such related information as the school district requires.

12 Clerical and Secretarial. The activities or services normally classified as clerical, secretarial or stenographic. Concerned with preparing, transferring, transcribing, systematizing or preserving written communications and records; or the operation of such machines as bookkeeping machines, card-punch machines, duplicating machines and tabulating machines.

14 Counseling. The non-classroom professional activities or services designed to assist pupils or other persons in making plans and choices in relation to education, vocation, or personal development.

16 Custodial. Those activities and services concerned with cleaning the buildings of school plants or supporting services facilities; operating such equipment as heating and ventilating systems; preserving the security of school property; and keeping the school plant safe for occupancy and use. It consists of such activities as cleaning, sweeping,

disinfecting, heating, lighting, moving furniture, keeping school entrances appropriately locked or unlocked, keeping such facilities as fire escapes and picnic bars in working order, and watchman duties. It also includes caring for the sites owned or used by the school system, including such activities as raking, watering, mowing, transplanting shrubbery, trimming shrubbery, and preparing, planting, and caring for flower beds.

18 Guard and Police. Those activities or services concerned specifically with the security of school property, facilities, personnel and pupils.

20 Health and Medical. Those activities and services concerned with providing medical, dental, psychiatric and nursing services.

22 Maintenance and Repair. Those activities and services concerned with the upkeep, maintenance, and replacement of movable equipment, fixed equipment, building, and sites.

24 Recruiting. The activities and services designed to attract professional and non-professional applicants for positions.

26 Diagnostic. Those activities and services, other than those classified as health services, designed to identify and evaluate physical, emotional, and learning problems and to recommend appropriate therapeutic services.

28 Supervisory. The activities or services designed to provide leadership, guidance or expertness in a field of specialization for the purpose of improving the performance of staff members.

30 Teaching. The activities or services designed to instruct or provide a learning opportunity for students. Included are expenditures related to classroom teaching, homebound teaching, libraries, instructional TV, computer assisted instruction, study hall, self study, etc.

Not included are expenditures for teacher aides, counselors, secretarial assistance, administration, supervision, diagnostic and therapeutic services.

32 Teaching Assistance. The activities and services provided by teacher aides, including the expenditures directly related to teacher aides.

34 Therapeutic. Those activities or services designed to provide appropriate individual or small group therapy in response to the findings and recommendations of the diagnostic services.

36 Transportation, pupils. Those activities and services designed to transport pupils to and from school, between schools and to school-related activities.

38 Transportation, other. The activities and services designed to transport material and personnel, other than pupils, within the district and outside the district.

40 Warehousing and Distribution. The activities and services designed to receive, store, distribute and account for materials and equipment which is received, centrally, and then delivered to points of consumption. Distribution may immediately follow receipt or it may be on a later schedule or may be later in response to specific requisitions.

CODE SECTION H - OBJECTS

10 Salaries. The total amount paid, before deductions for personal services rendered while on the payroll of the school district.

11 Certificated, regular. The salary expenditures for personnel, employed on a regular full or part-time basis for the performance of a regular or continuing assignment, who have been certified by the State Educational Agency as authorized to perform the services for which a legal credential is required.

12 Certificated, temporary. The salary expenditures for personnel, employed on a temporary full or part-time basis, who have been certified by the State Educational Agency as authorized to perform the services for which a legal credential is required, (e.g., a teacher hired to teach remedial reading to selected students for the last three months of the school year. Any teacher hired to supplement the work of the regular instructional staff, rather than replace it, would be classified as temporary.)

13 Certificated, substitute. The salary expenditures for personnel, employed on a full or part-time basis, who have been employed to replace regular or temporary certificated personnel who are absent from their assigned position. A person, employed as a certified employee on a regular basis with regard to time and salary, would still have their salary coded as "substitute" if in fact their assignment is to substitute for other certificated persons who may be absent from their "regular" assignments.

16 Non-Certificated, regular. The salary expenditures for personnel, employed on a regular full or part-time basis for the performance of a regular or continuing assignment which does not require the services of personnel specifically authorized by the State Educational Agency.

17 Non-Certificated, temporary. The salary expenditures for personnel employed on a temporary full or part-time basis to perform assignments which do not require the services of personnel specifically authorized by the State Educational Agency.

18 Non-Certificated, substitute. The salary expenditures for personnel employed to perform services for non-certificated personnel who are absent from their assigned positions. A person employed as a non-certificated person on a regular basis with regard to time and salary would still have their earnings codes as substitute if in fact their assignment is to substitute for other non-certificated persons who may be absent from their "regular" assignments.

20 Employee Benefits. Those expenditures (not withholdings or deductions from employee earnings) made to provide or assist in providing the various non-salary or non-wage benefits for employees.

30 Supplies. Material items of an expendable nature which are consumed, worn out, or deteriorated through use; or that lose their identity through fabrication or incorporation into a different or more complex unit or substance.

31 Textbooks. Books obtained and furnished to students free of charge for use in certain classes, grades, or other particular student groups rather than for general school use.

32 Textbooks, resale or rental. Books obtained and provided for students on a rental or sale basis primarily for use in certain classes, grades or other particular student groups rather than for general school use.

33 General Supplies. Material items of an expendable nature, other than textbooks, library materials, or supplies for resale, or that lose their identity through fabrication or incorporation into a different or more complex unit or substance. Included are those general supplies needed to operate the libraries and those periodicals purchased for use in the classroom.

34 General Supplies for Resale. Material items of an expendable nature, other than textbooks which are purchased for resale; or that lose their identity through fabrication or incorporation into a different or more complex unit or substance.

35 Library Materials. All books, other than textbooks, all periodicals, other than those periodical purchases for use in the classrooms, and all other instructional materials or supplies used in, furnished by, or controlled through the library.

40 Contracted Services. Those services rendered to the school system through contract or other agreement with a firm, company, individual or other educational agency or institution, such service being performed by a person or persons not on the school staff. Personnel records are not usually maintained by the school system for persons performing contract services, nor are these persons usually eligible for employee benefits that may accrue to staff members.

Consultation. Personal services of an instructional or consultative nature performed by non-staff personnel.

Other Non-Staff Personnel. Personal services, other than by professional educators, provided by non-staff personnel. Included would be off-duty policemen hired as parking lot attendants, personnel employed by secretarial and manpower agencies and contracted to the school system, etc.

43 Transportation. Contracted for total pupil transportation service, lease of school buses, lease of other transportation equipment, or contract for other transportation services - payments to employees excepted.

44 Tuition. Payments to educational agencies for instructional services performed for students for whom the paying district is responsible.

45 Repairs. Labor and/or material provided by other than own school personnel for maintenance or repairs to sites, buildings, fixed equipment and movable equipment.

46 Insurance. All insurance except that which may be classified as "Employee Benefits."

47 Memberships. Institutional memberships in accrediting associations, voluntary associations, etc.

48 Rentals. Payments for the use of facilities or equipment.

49 Other Contracted Services (except utilities).

50 Contracted Services, Utilities.

60 Employee Travel. The cost of transportation, meals, lodging, and other expenses associated with employees' traveling in the pursuit of school district business. Travel may be by school-owned, private or commercial vehicles.

61 Travel Within District. Travel performed wholly within the school district.

62 Travel Outside District. Travel which takes the employee outside the district. Include that within district travel directly associated with a particular trip out of the district.

70 Facilities.

71 Site Purchase. The purchase of any land by a school district. Include purchased land completely surrounded by land not owned by the school district as well as land abutting property previously owned by the school district.

72 Site Improvement. All work performed upon the site and its adjacent ways, after acquisition by the school district, with the exception of buildings.

73 Building Purchase. The construction or direct purchase of a building or an addition to a building. Includes contract price, legal fees, architectural fees and other costs directly associated with the building purchase.

74 Building Lease or Lease Purchase. Record here expenditures for leased building regardless of whether title is retained by the lessor or transferred to the lessee upon fulfillment of the contract.

75 Building Improvement. Construction other than original or additions which are made to alter or improve the building.

80 Equipment. A material item of a nonexpendable nature, such as built-in facility, a movable or fixed unit of furniture or furnishings, an instrument or apparatus, a machine (including attachments), an instructional skill-training device, or a set of small articles, whose parts are replaceable or repairable, the whole retaining its identity and utility over a period of time which is characteristic of, and definable for, items of its class.

New. Acquired as original or additional, rather than as a replacement for similar or identical equipment.

Replacement. Acquired to replace identical or similar equipment which is being disposed of.

81 Furniture, New.

82 Furniture, Replacement.

Movable equipment that is used for sitting; as a support for writing, drawing, experimentation, and work activities; as storage space for material items; or for decorative purposes. Examples are desks, chairs, tables, floor lamps, room-size rugs, file cabinets, bookcases, work benches, wheeled science demonstration tables, and storage cabinets.

83 Machinery and Apparatus, New.

8 Machinery and Apparatus, Replacement.

Movable equipment items which may be composed of complex combinations of parts which transmit and modify force and motion so as to perform some desired kind of work, excluding vehicles.

84 Vehicles, New.

86 Vehicles, Replacement.

A conveyance used to transport persons or objects, such as automobiles, trucks, aircraft, wreckers, buses, station wagons, bookmobiles, tractors, wagons, and boats, including trailer-type and other attachments operated from such vehicles. Equipment items having some of the characteristics of vehicles and used in heavy construction work, such as bulldozers, self-propelled rollers, scrapers, and cranes, are not designated by this term.

90 Debt Service. Expenditures for the retirement of debt and expenditure for interest on debt, except principal and interest on loans payable in same fiscal year as borrowed (current loans).

91 Principal. Bond retirement, long-term laon, principal and short-term loans principal.

92 Interest. Interest on bonds, long-term loans and short-term loans.

DEFINITION AND EXPLANATION OF ACCOUNTS

Following are definitions and explanations of each of the asset, liability, and fund balance accounts. Further expansion of any of the accounts can be accomplished by adding accounts and extending the basic accounting code.

Assets. An asset is cash or the right to receive cash at a later date. On the cash basis, school districts record only those assets that arise from a previous payment of cash. For example if cash is paid for an investment in United States Treasury Bills, this investment represents an asset when using cash basis.

On the accrual basis, all assets are recorded even though no previous cash transaction has been made to establish this asset. For example, an asset, taxes receivable, is recorded on the accrual basis when the tax is levied because the district has established a legal claim on tax revenue.

100 Cash. Bank accounts and petty cash funds that are the property of the school district.

110 Petty Cash. Money set aside for making change or for immediate payments in coin and currency of comparatively small amounts such as freight bills.

120 Imprest Fund. An amount established in a bank account, separate from the regular checking accounts, and maintained to provide for emergency type disbursements for which a district wishes to issue a check, but because of the timing cannot pay through the regular disbursement procedures.

130 Cash in Banks. The book balances - excess of deposits over checks written - of the regular checking accounts.

200 Investments. Amounts invested in United States Government Securities or other legal forms of investment.

300 Accounts Receivable. Unpaid balances of amounts owed to the school district by individuals or others.

310 Taxes Receivable. Accrual basis - The portion of the tax levy that has not been paid to the school district.

320 Governmental Claims Receivable. Accrual basis - The portion of the school district claims that have not been paid to the school district.

390 Other Receivables. This section provides for the addition of receivables not provided for in the Chart of Accounts. Certain receivable accounts might be established on the cash basis. An example is the purchase of an equipment item for an organization that will reimburse the district. Certain other receivable accounts will be used only on the cash basis.

400 Accrued Revenue. Accrual basis - Amounts recorded at the end of a fiscal period to indicate the revenues that have accrued but have not yet been paid to the school district. At the beginning of the following fiscal period, the entry recording the accrued revenue should be reversed.

410 Accrued Interest. Accrual basis - Interest earned on investments but not yet received by the school district.

420 Accrued Tuition. Accrual basis - Tuition earned but not yet received by the school district.

430 Other Accrued Revenue. Accrual basis - Other revenue that is earned but not yet received.

500 Deferred Charges. Accrual basis - Amounts recorded at the end of a fiscal period to indicate that portion of a paid expenditure that applies to future fiscal periods. At the beginning of the following fiscal period, the entry recording this deferred charge should be reversed.

510 Prepaid Insurance. Accrual basis - That portion of a paid insurance premium that applies to future fiscal periods.

520 Prepaid Interest. Accrual basis - That portion of interest that the school district has paid but is not yet earned.

530 Other Deferred Charges. Accrual basis - Other expenditures that have been paid by the district but not yet earned.

600 Inventories. Cost of supplies or other materials that have been purchased but have not been distributed for use.

610 Warehouse Inventories. Cost of the supplies and materials in a central warehouse.

620 Other Inventories. Cost of other supplies or materials that have been purchased but have not been distributed for use.

700 Vocational Projects for Resale. Cost of major vocational projects that are to be sold when completed.

800 Facilities. Accounts recorded in a facilities group of accounts separate from the regular funds. They comprise a record of the cost of the facilities owned by the district regardless of when they were purchased or from which fund they were purchased.

810 Sites. The cost of all acquisitions and improvements of sites owned by the school district.

820 Buildings. The cost of all acquisitions and improvements of buildings owned by the school district.

830 Equipment. The cost of all equipment owned by the school district.

900 Other Assets. All other assets not provided for.

Liabilities. A liability is an obligation to pay cash to others - or to another fund - at a later date. On the cash basis, school districts will record only those liabilities that result from a previous cash transaction. For example, an amount borrowed through the issuance of tax warrants is recorded as a liability on the cash basis since a cash transaction created the liability.

On the accrual basis, school districts will record additional liabilities even though a previous cash transaction has not created the liability. For example, rent has accrued but not yet paid by the school district, this is recorded as a liability on the accrual basis at the end of a fiscal period.

100 Loans Payable. Amounts that are borrowed from others - or another fund - are not secured by serial or term bonds.

110 Long-Term Loans. Loans which extend for more than five years from the date of the loan.

120 Short-Term Loans. Loans which are payable in five years or less but not before the end of the current fiscal year.

130 Current Loans. Loans which are payable in the same fiscal year in which the money was borrowed. Tax anticipation warrants - or notes - are considered to be current loans if they are to be repaid from the tax collections anticipated with the issuance of the warrants.

200 Bond and Interest Payable.

210 Bonds Payable. Principal amount of outstanding bonds.

211 Current Bonds Payable. The principal amount of bonds that have matured or will be payable within the next fiscal year.

212 Long-Term Bonds Payable. The principal amount of bonds outstanding excluding the current bonds payable.

220 Bond Interest Payable. Interest to be paid in the future on outstanding bonds.

221 Current Bond Interest Payable. Bond interest that is now due or will be payable within the next fiscal year.

222 Long-Term Bond Interest Payable. Interest to be paid in the future on outstanding bonds excluding the current bond interest payable.

300 Payroll Deductions Payable. Liabilities resulting from the deduction from payroll checks for withholding tax, retirement contributions, insurance, etc. The balance of the accounts represent the portion of the deductions that have not been forwarded to the proper agency. Each school district should establish the specific accounts that are needed.

400 Accounts Payable. Accrual basis - Amounts of unpaid invoices for services or merchandise received.

500 Accrued Expense. Accrual basis - Amounts recorded at the end of the fiscal year to indicate the expenses that have accrued but have not been paid by the school district. At the beginning of the following fiscal year, the entry recording the accrued expense should be reversed.

510 Accrued Salaries. Accrual basis - Salaries earned but not yet paid at the end of a fiscal period.

520 Accrued Tuition. Accrual basis - Tuition that has been earned by another district or agency at the end of a fiscal period but has not been paid by the school district.

530 Accrued Interest. Accrual basis - Interest that has accrued at the end of a fiscal period but has not been paid by the district.

540 Accrued Rent. Accrual basis - Rent that has accrued at the end of a fiscal period but has not been paid by the district.

590 Other Accrued Expense. Accrual basis - Any other expenditures that have accrued at the end of a fiscal period but have not been paid by the district.

600 Other Liabilities. All other liabilities not provided for.

Fund Balance.

100 Fund Balance. The excess of assets over liabilities.